FINANCIAL TIMES

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No. 29,595 — Wednesday April 10 1985 — D 8523 B

Vietnam 10 years on: Why Hanoi could lose the peace, Page 14

World news — Business summary

Sudanese rebels issue ultimatum

Sudan's new military rulers were given an uncompromising challenge by the leader of the main rebel group in the south of the country. He confirmed that a ceasefire was in force, but warned that it would be broken unless there was return to civilian rule within seven days.

The ultimatum from Colonel John Garang, commander of the Sudan People's Liberation Army, came as the five-man military junta discussed setting up a caretaker government to preside over the country before the promised restoration of civilian government.

General Abdul Rahman Swareddahab, the new leader, has promised to end the rebellion through dialogue and to improve the living standards of the people in the south. Page 16

Missile request

Dutch Foreign Minister Hans van den Broek arrived in Moscow to tell the Kremlin that it must reduce its missiles in Europe to prevent the Netherlands accepting siting of U.S. missiles. Page 3

Chinese purge

China's Communist party leader Hu Yaobang announced that thousands of senior party and government leaders would be dismissed by the end of the year. Page 4

S. Africa protest

South African riot police fired teargas at crowds of black protestors setting fire to houses and other buildings in the eastern Cape province. Page 4

Priest 'tortured'

Polish police are investigating allegations that a Roman Catholic priest was tortured with a lighted cigarette by an attacker in the southern city of Krakow. Page 2

Taiwan sentences

A Taipei court jailed two Taiwanese gang leaders for life for killing a Chinese-American writer, Henry Liu, in California and made accusations against senior intelligence officers. Page 4

Policeman killed

A policeman was shot dead by gunmen in India's Punjab state five days before public rallies to mark the state's religious festival.

Fabius visits Seoul

French Premier Laurent Fabius's visit to Seoul appears to have paved the way for better political and economic ties between France and South Korea. Page 4

Landslide kills 120

At least 120 people were killed and 200 missing after a landslide swept through an Andean village in Peru.

Iran accuses

Iran accused Iraq of using chemical weapons again on the battlefront in the southern Iraqi marshes, where 11 soldiers were killed.

Bhopal claim

India is still willing to consider an out-of-court settlement with Union Carbide provided the U.S. company offers adequate compensation to victims of the Bhopal gas disaster. Page 4

Italian strike

Italian train drivers called a series of strikes for today to support claims for improved pay and conditions.

Rock band stabbing

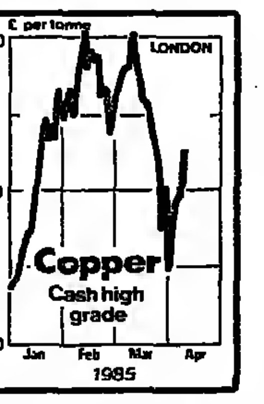
A trumpeter from British rock band Wham was in a Peking mental hospital after stabbing himself on a Chinese airliner.

Capital spending in U.S. to rise 8.7%

CAPITAL expenditure by U.S. companies is expected to rise by about 8.7 per cent in 1985, the Commerce Department said. Such an increase would be sharply down from the 16 per cent increase recorded in 1984. Page 16

WALL STREET: at 3pm the Dow Jones industrial average was down 0.44 at 1,252.54. Section III

STERLING was firm in London, closing at $1.206 ($1.196), DM 3.7975 (DM 3.79), FFr 11.5725 (FFr 11.555) and Y307.25 (Y304.0). It was unchanged at SwFr 3.2075. The pound's exchange index rose to 76.5 from 78.3. Page 39



DOLLAR was generally weaker in London, closing at DM 3.151 (DM 3.174), SwFr 2.6615 (SwFr 2.685), FFr 9.6175 (FFr 9.69) and Y254.95 (Y254.4). On Bank of England figures, its exchange rate index fell to 148.7 from 148.9. Page 39

GOLD rose $5.25 an ounce on the London bullion market to finish at $323.00. It was also higher in Zurich at $322.05. Page 38

LONDON equities ended mixed-to-lower in quiet trading and the FT Ordinary share index closed 6.6 down at 955.9. Gilts were firmer. Section III

TOKYO eased although biotechnology-related issues were in demand in late trading. The Nikkei-Dow market average shed 5.53 to 12,630.43. Section III

ROYAL Bank of Scotland received a cool response in the Eurobond market to its launch of a 20-year, £200m floating-rate note, with investors in the crowded-FRN sector apparently wary of its long maturity. Page 16

AMERADA HESS, Northrop, Gould and Alcoa are among U.S. companies adopting measures to make themselves bid-proof in response to the wave of hostile merger activity on Wall Street. Page 17

SACILOR, large French state owned steel group, has reported losses of FFr 8.1bn ($835.9m) for 1984, against FFr 5.28bn losses in 1983. Page 18

STET, Italian state-controlled telecommunications holding company and part of the IRI state group, is expected to report L430bn ($215m) consolidated net profits for 1984, against L480bn net profits for 1983. Page 18

ITT, the U.S. telecommunications conglomerate, plans to invest Esc 6.2bn ($35m) in its Portuguese operations over the next four years. Page 6

COMPUTERVISION, the U.S. computer design systems manufacturer, laid off 950 employees. Earlier this month the group said it expected a first-quarter operating loss of up to $15.7m. Page 17

RALEIGH Cycles Berhad, Malaysian property and bicycle company, announced a 110m ringgit ($44m) share-exchange bid for Cold Storage Malaysia as part of a programme by Mr Daim Zainuddin, Finance Minister, to rationalise his business interests. Page 19

FRENCH textile group Dollfus-Mieg continued its recovery last year, lifting net profits to FFr 70m ($7.14m), against FFr 30m in 1983 and management forecasts of around FFr 54m. Page 18

OECD warns on growing perils of protectionism

BY PAUL BETTS IN PARIS

THE Organisation for Economic Co-operation and Development (OECD) yesterday published a damning report on the perils of protectionism and warned that its impact on international trade would grow, especially if the dollar remained strong.

The Paris-based agency will press industrialised countries at talks tomorrow and on Friday to try to devise a concerted effort to tackle the tensions caused by protectionism, international debt problems and unemployment.

A study prepared for the spring's ministerial meeting claims that protectionism has "yielded few benefits but imposed substantial costs" on countries' economies.

Unless countries can start showing a common and credible willingness to resolve these problems, the OECD fears that governments, especially that of the U.S., will be compelled to bow to domestic protectionist pressures.

The study makes four key conclusions:

- Protection has not proved to be an efficient way of sustaining employment. Even in protected sectors import controls have rarely saved more than 2 per cent or 3 per cent of jobs, often at the expense of employment opportunities in other industries.
- Protection has increased the average price to consumers of protected goods by as much as 10 per cent and of specific items by much more. The report shows that those worst affected by these price increases are low-income households, which, in the case of clothing, depend most heavily on low-cost goods imported from developing countries.

A study of the UK clothing industry, for example, suggests that the average increase in UK clothing retail prices because of the second Multifibre Arrangement was 20 per cent and as much as 30-50 per cent for lower quality items, like jeans. Prices of children's clothes doubled.

- The report says there is little evidence that protected industries can, or do, use the "breathing space" provided by protection to restructure themselves. Indeed, the report adds that protection, especially through so-called voluntary export restraints, has transferred large profits to foreign producers by enabling them to sell at higher prices, thus allowing them to increase their competitive edge.

The OECD estimates that protection has increased the profit margin on Japanese steel sales in the U.S. market by at least 10 per cent. That is the equivalent to about $200m a year, or nearly half of Japan's annual expenditure on steel research and development.

The OECD also estimates that in the textile and clothing industry, UK restrictions under the Multifibre Arrangement transfer twice as much income to foreign exporters as to UK producers.

- The report warns that the spread of protection is very costly for developing countries, where the sustained growth of exports is crucial

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Editorial comment, Page 14

President Suharto of Indonesia last night warned that high tariffs and other foreign trade restrictions could lead to political unrest in developing countries. At a banquet to welcome Mrs Margaret Thatcher, the UK Prime Minister, to Jakarta, he said that a stable world economy was essential for Third World nations. If countries struggling to break free from poverty remained economically weak, this would sooner or later have a detrimental effect on richer nations, he said. Thatcher's tour, Page 16.

Bundesbank presses for greater deregulation

BY JONATHAN CARR IN FRANKFURT

THE WEST German Bundesbank is pressing other countries, notably Japan, to liberalise their capital markets further in return for benefits which are about to be granted to foreign banks resident in West Germany.

The central bank's aim is to try to win reciprocal advantages for West German banks facing local restrictions in foreign markets.

It is understood that the question of reciprocity arose yesterday during two sets of talks between the Bundesbank and representatives of foreign banks. Officials from Japanese banks were received separately, underlining the particular importance that the Bundesbank attaches to the Japanese market and its problems.

During the meetings the Bundesbank gave details of its plan, which is expected to take effect in the next few weeks, to allow foreign banks resident in Germany to lead-manage D-Mark foreign bond issues – a lucrative activity so far denied them.

The central bank is also understood to have urged that in return the foreign banks speak out in favour of more deregulation of their own domestic markets. Simultaneously, the Bundesbank is pressing other central banks to take liberalisation steps.

The action comes after criticism of the Bundesbank's plan from several leading German commercial banks. German bankers argue that the domestic capital market is highly liberal and that if a new door is to be opened foreigners should deliver something in return.

The Bundesbank's plan also seems certain to involve the liquidation of the central capital markets sub-committee, the group of six leading German banks which sets the calendar for D-Mark foreign bond issues. Instead, such issues will merely have to be notified to the Bundesbank. This could mean that Friday's scheduled meeting of the committee to set a new-issue calendar for the next month would be its last, bankers say.

Some bankers argue that the sub-committee performed a very useful role in maintaining an orderly market and relatively stable interest rates.

Reuter adds: New German capital market rules detailed yesterday by the Bundesbank will allow foreign bank subsidiaries to issue D-Mark Eurobonds of a minimum denomination of DM 20m but will require advance notice at the central bank of at least three days, commercial banking sources said.

Instruments such as zero-coupon bonds and floating-rate notes will be allowed, as will bonds with multi-currency options. But the lack of a clear decision over minimum reserve requirements for foreign units excludes, for the moment, the issue of D-Mark certificates of deposit.

Hungarian bank helps to raise funds for new UK newspaper

BY DAVID GOODHART, LABOUR STAFF, IN LONDON

THE HUNGARIAN International Bank, owned by the Central Bank of Hungary, last night emerged as one of the main financial supporters of the £20m ($24m) project by Mr Eddie Shah, the UK newspaper entrepreneur, to launch a national British newspaper.

The communist bank, in one of the most bizarre financial alliances of recent years, is leading a consortium which has raised £6.2m to back the project, seen by the British labour union as the epitome of "union bashing".

Mr Shah's existing group of free newspapers, based in north-west England, was involved in 1983 in a bitter dispute over the employment of non-union labour. Mr Shah's planned national newspaper would make full use of the latest printing technology. He has said he is prepared to bypass unions if there are problems over distribution.

Mr Tim Newling, managing director of the bank, said last night: "This is just a conventional leasing operation we have arranged for the financing of some of the presses." He said that the bank would get in "ordinary" return on its investment from what was a very viable project.

"In our opinion it's a very good company and will produce an excellent paper," he said.

Mr Newling also said that while he was aware of Mr Shah's image as a "union-basher," he did not believe he was anti-union but just opposed to the "closed shop" (the employment of union members only).

The Hungarian Bank has a reputation for beating the capitalists at their own game and is, for example, a quick-witted dealer in foreign exchange.

Last year it had pre-tax profits of £5.47m, which was well down on the record of £8.3m in 1982-83 but still represents a 68 per cent return on capital. (There was some surprise in 1983 when it paid its then managing director, Mr Jack Wilson, a salary of £216,742).

Mr Shah said yesterday that the bank had been highly efficient to deal with. He contrasted its almost immediate decision to back him with "some of the British banks and leasing companies which were nervous about the political implications and did not look at it as an investment."

Mr Shah has already paid a £1.5m deposit on the presses made by Man Roland in West Germany. The consortium organised by the bank has now agreed to finance the rest of the deal – approximately £6.2m – and lease back the presses to Mr Shah. He will then buy the presses from the Hungarian consortium over a five-year period.

Although there are obviously

Continued on Page 16

Japan pledges to promote foreign goods

BY JUREK MARTIN IN TOKYO AND STEWART FLEMING IN WASHINGTON

JAPAN yesterday committed itself to a three-year action programme, starting later this year, to increase the sales of foreign manufactured goods in the country.

At the same time, Mr Yasuhiro Nakasone, the Prime Minister, went on television to urge his countrymen "to be willingly receptive toward foreign products for the purpose of enriching your livelihood." He said: "Export promotion is not the only means to enrich the national economy."

Japan had benefited from free trade but its well-being was threatened by protectionism, particularly in the U.S. The country had to respond to this reality, even to the point of accepting that its Government, which he described as naturally more protective of its citizens than its European and American counterparts, might have to play a lesser role.

Mr Nakasone conceded that it would be difficult to eliminate the $34bn trade surplus with the U.S., the chief foreign critic of Japanese trading practices, in a short time. He hoped that the U.S. would take steps to reduce its interest rates, and thus the value of the dollar, and that, working together over the longer haul, the trade imbalance could be narrowed appreciably.

The measures announced yesterday contain little of significance that had not previously been negotiated with the U.S. or announced by Japan, such as those in the fields of telecommunications liberalisation and internationalising the yen.

Even the guidelines for the action programme will not be settled until July and set in motion three months later. This delay is indicative of deep divisions inside the Japanese Government and political system over how far the country can reasonably go in meeting external demands for changes. Mr Nakasone's ability to influence this debate is circumscribed.

Japan effectively delayed any early decision on perhaps the most intractable current bilateral dispute, the trade in timber products. It said it would draw up a five-year programme to assist domestic industry and when that was in place consider tariff cuts, but not before April 1987.

Top Reagan Administration officials gave the new Japanese trade package a lukewarm welcome in public yesterday, while in private some top trade officials voiced scepticism about whether the latest in a succession of trade liberalising packages would have a significant impact on the bilateral trade deficit.

Mr James Baker, Treasury Secretary, said on television that U.S. reaction would depend on whether or not the new measures were implemented.

He did not know if the Japanese plan would go far enough to head off protectionist action in Congress. Vice-President George Bush told a bankers seminar in Washington: "What is important is what follows on, what actually happens in terms of access to market, in terms of entry of American products into the Japanese market."

He praised Mr Nakasone for taking the initiative. "This took a good deal of courage ... a good deal of leadership."

In broad terms, probably the most important item announced yesterday was the firm promise of continued expansion of foreign aid and contributions to international financial institutions, like the World Bank. Previously Japan has cited budgetary constraints over its aid commitments beyond next year.

Sectoral items for foreign businesses include a few, mostly minor, specific concessions – on the use of so-called "high cube" foreign containers on Japanese roads, on foreign drug testing, the simplification of import procedures, and the purchase of U.S. communications satellites.

But more emphasis was given to the need to promote import consciousness (to be boosted as previously announced, by financing concessions) and to increase the "transparency" of the Japanese decision-making processes.

The blueprint for Japanese action was based very much on the report of an independent commission under Mr Saburo Okita, Mr Nakasone's roving ambassador and a former Foreign Minister.

Paul Cheeseright, in Brussels, writes: The first impression of officials was that Mr Nakasone's announcement lacked concrete measures and appeared to be directed more at a solution of Japan's current difficulties with the U.S. than at resolution of its perennial problems with the EEC.

That said, officials were glad that the Japanese Government appeared to be acting, although they wanted not only to see the details of the measures, but also to know how they would be brought into practice, before making estimates of an effect on the EEC's trade deficit with Japan.

At a more fundamental level, there was general doubt whether the package would do much to change the distribution structure in Japan.

Details, Page 6

SEC seeks freeze on assets of failed bond dealer

By Terry Dodsworth and Paul Taylor in New York

THE U.S. Securities and Exchange Commission (SEC) yesterday sought to freeze the assets of the failed Bevill, Bresler and Schulman (BBS) government securities group as U.S. regulators began to unscramble the books of the second bond dealer to collapse within a month.

Initial estimates suggested that the group may have lost between $140m and $190m. Like the $300m collapse of ESM Government Securities last month, most of BBS's creditors appeared to be small savings banks across the country.

The moves came as the SEC charged the company with fraudulently concealing its financial condition and Congressmen accelerated their demands for new regulations to cover small government securities dealers.

The problems at BBS, which is based in New Jersey, first emerged at the weekend, leading BBS Asset Management, one of the operating subsidiaries of the group, to seek protection from its creditors under Chapter 11 of the bankruptcy code.

The SEC, however, then stepped in to demand that some of the units in the group, including BBS Government Securities Group, the parent firm, be placed into receivership so that the SEC could unravel its affairs as quickly as possible.

A federal judge yesterday authorised the appointment of Mr Saul Cohen as trustee and receiver for BBS Asset Management and as receiver for BBS Government Securities Group and its affiliate BBS Government Securities Inc.

The judge was also expected to sign an order freezing all the assets of the group, excluding a brokerage unit called BBS Inc, late yesterday.

BBS, one of the larger regional securities firms, was founded in 1972. Like EMS Government Securities, BBS was highly active in the complex and unregulated government bond repurchase and reverse repurchase agreement market. Both types of transaction involve the lending of government securities, and effectively represent a form of short-term borrowing.

The BBS Asset Management Bankruptcy filing listed 60 creditors, including 45 saving banks, several based in Illinois. The 10 largest creditors are owed a total of $113.1m. Mr Ira Sorkin, the New York regional administrator for the SEC, said yesterday that the identified losses were "a minimum of

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CONTENTS

Summit is Greens' target

By Leslie Colitt in Berlin

THE West German Greens party is to stage at a West Berlin university a "tribunal" against the world economic summit conference in Bonn early next month and an "alternative" summit.

In an angrily worded open letter to the governments involved in the economic summit entitled "You are hungry for arms," the Greens accuse them of "taking war dead as your nourishment." The letter claims that millions of starvation deaths annually are a "calculated part of your system." It adds: "Your stock exchanges depress and manipulate the prices of raw materials."

"Your bank consortia extort usurious interest from the Third World," the letter continues.

The Greens said they would hold the tribunal on May 3, midway through the summit. The following day it will organise a non-violent mass demonstration in Bonn characterised by "civil disobedience." This is to be directed against the deployment of new U.S. missiles in West Germany and will take place while President Ronald Reagan attends the summit.

The Greens attack the summit participants for allegedly aiming to "line outer space with weapons—for peace and freedom."

Alan Friedman in Milan examines an Italian media phenomenon

'Direct Line' to straight reporting

SOMETHING VERY unusual bas been bappening in the world of Italian television—for tbe past two months the RAI stale network has been transmitting a nightly current affairs programme which is relatively objective.

It is not an exaggeration to say that this is rare. Italy is a country where the Press and television news have been traditionally more politically biased than in say, Britain or the United States. The RAI's first network, RAI Uno, is generally seen as more sympathetic to the Christian Democrats, wbile RAI Due, the second station, tends to be more favourable to the Socialists, the party of Prime Minister Bettino Craxi.

Two months ago, Sig Enzo Biagi, Italy's foremost journalist, began a late-night current affairs programme called "Linea Diretta" ("Direct Line"). The programme, on RAI Unio, is rougbly equivalent to the BBC's Newsnight or Nightline in the U.S. It offers news analysis and discussion of topics ranging from U.S.-Soviet relations to the question of Aids.

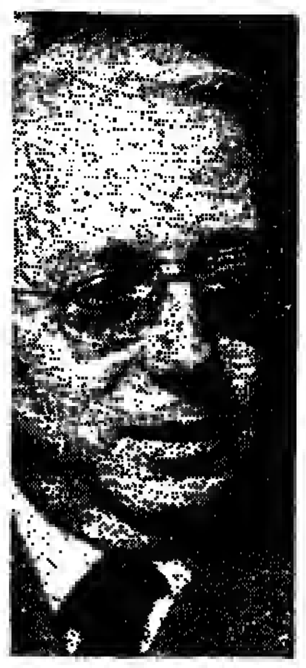
Sig Biagi himself, a veteran commentator for a variety of Italian newspapers, presents a rather low-key half-hour programme. He sees his own role as that of an interlocutor rather than commentator on television.

But, with important regional elections coming up in May, Italian politicians are watching Press coverage carefully. In the past fortnight, the Socialists have launched a number of attacks on "Linea Diretta" and Sig Biagi, accusing the programme of being "partial and biased." Two Socialist members of RAI's board bava denounced Sig Biagi.

The 65-year-old Sig Biagi, for his part, bas come back figbting. "The Socialists already bave an antire network to themselves. To attack me for being partial is a misuse of political power," be declares. He goes on to say that "there is too mucb manipulation of Italian television and newspapers." He saes "Linea Diretta" as an opportunity to bring objective analysis to its 2m nightly viewers (who represent around 40 per cent of the television audience).

Claiming that be voted Socialist all of his life until last year, wben be voted Cbristian Democrat in the European elections "to counterbalance the Communists," Sig Blagi is clearly enraged at the Socialist attack. "There is no doubt that Craxi is behind this, and it is wrong," he says.

At the Palazzo Cbigi in Rome, an aide to Sig Craxi said that



Sig Biagi: "Too mucb television manipulation"

the Prime Minister regards Sig Blagio as "a good journalist, but someone wbo bebaves too mucb like a Christian Democrat." Tbe Socialists are also upset that Sig Biagi's L1.5bn (£620,000) three-year contract is too costly.

As a specific example of the alleged pro-Christian Democrat bias, the Prime Minister's aide cited a recent broadcast on corruption. "There were three cases of Socialist politicians wbo were accused of corruption. Why were there only Socialist cases?"

Socialists also admit privately that they are worried about the influence of the Christian Democrats at the highest levels of RAI. Some would say that the real target of the attacks on "Linea Diretta" is the RAI director-general, Sig Biagio Agnes, a friend of the Christian Democrat leadership.

Much of the above is simply part of the Byzantine fabric of everyday Italian politics—the accusations and counter-accusations which make Rome politics a melodramatic affair at times. But set in the larger context of Italy's drive to adopt higber standards of behaviour in politics, finance and industry, the Biagio affair is perhaps a case of the older manipulative Italian political tradition versus the reformers who seek more "European" behaviour.

Sig Giagio is not necessarily a crusader, but bis idea of less political interference in the powerful medium of television is no bad thing.

Bulgaria hits back at Turkey

BULGARIA YESTERDAY accused Turkey of interference in its internal affairs and denied charges by Ankara that its Turkisb minority was forced to adopt Slav names, Reuler reports from Vienna.

Turkey's ambassador at the United Nations, Mr Ilter Turkhen, asked on Monday for the help of Islamic nations here to stop Bulgaria from eradicating "by means of coercion, the ethnic, religious, and cultural identity of the Turkish minority."

He claimed that the Bulgarian authorities bsve admitted carrying out deliberate programme—"to wipe out the Turkisb-Islamic identities of 1m people and to replace them by Christian-Bugarian identities."

Bulgaria's official news agency yesterday quoted Moslem religious leaders as saying that they had adopted Bulgarian names of their own free will. It said Moslem leaders in Plovdiv, Stara Zagora and Haskovo had published declarations in the Press "refuting tha slanders and fabrications of coercion being exercised on Bulgarian Moslems."

In his speech to UN envoys of the 39-member Islamic Conference on Monday, Mr Turkmen said several hundred members of tha Turkish minority had been killed and bundreds more injured.

Polish church up in arms over attack on priest

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH church leaders are demanding that the authorities clear up an incident on Easter Saturday when a priest was attacked by "unknown assailants" near his home in Krakow.

The speed with whicb the local Cardinal Franciszek Macharski hss acted and the decision to publicise the incident shows how seriously it is being viewed by the Roman Catholic church.

The attack, during which Fr Tadeusz Zalewski had the shape of a "V," a favoured Solidarity symbol, burned on his face and chest, is reminiscent of the murder last autumn of Fr Jerzy Popieluszko, the pro-Solidarity priest. Four government men were sentenced to long prison terms for the crime last February.

Fr Zalewski, who is recovering from second degree burns on his arms, is a curate at the church in Mistrzejowice, a Krakow suburb. The parish is famed for the services held there by another dissident priest, Fr Kazimierz Jancarz, who bas often been criticised by the authorities for bis outspoken sermons.

The church alsa has links witb steelworkers ot the giant Nowa Huta works nearby.

Local police say they are investigating the attack.

A Frenchman, M Frederic Castaing, suspected by the Polisb police of links with dissidents, was kidnapped for an hour recently by "unknown assailants" in Krakow and held in a car while his stomach and hands were burnt with cigarettes.

High level meeting tackles new technology and jobs

BY OUR MILAN CORRESPONDENT

THE ITALIAN Prime Minister, Sig Bettino Craxi, today opens a meeting in Venice attended, among others, by employment ministers from the world's seven most industrialised nations. The two-day meeting, whicb Sig Craxi proposed at last June's economic summit in London, is intended to be an exchange of ideas on the problems of unemployment and ways of taking advantage of new technology.

In all, some 24 countries are sending ministers to Venice. Britain will be represented by Mr Tom King, the Employment Minister, while President Ronald Reagan is sending Mr Malcolm Baldrige, the U.S. Secretary of Commerce, and Mr George Keyworth, the President's Science Adviser.

Apart from ministers from Japan, France, West Germany, Canada and other countries sucb as Belgium, Sweden, Spain, Portugal, Austria and Switzerland, the conference is also being attended by the Secretary-General of the OECD, and by a special representative from the United Nations and from the European Commission.

An aide to Sig Gianni de Michelis, the Italian Employment Minister, said the Venice meeting will be the highest level international discussion on bow to blend new technologies with the problems of unemployment.

BENEFICIAL CARTELS MOOTED

Dutch fine tune their technology policy

BY LAURA RAUN IN AMSTERDAM

A PROPOSAL for "beneficial cartels" among European companies to fight against American and Japanese competition in consumer electronics sounds strange coming from the Dutch, for centuries international free traders.

But the plan, put forward to fellow European Community leaders by Mr Ruud Lubbers, the Dutch Prime Minister, reflects increasing concern within the Netherlands over industrial modernisation and innovation.

Following the passage of an innovation Bill in the late 1970s, a Government-sponsored panel, the Wagoer Commission, was set up to recommend ways of achieving industrial rejuvenation. One of the commission's most significant contributions was a list of areas where public policy should be focused, including information and electronics, medical technology, telecommunications and office systems.

Dutch universities and technical schools are being offered subsidies to establish "transfer points" with industry where expertise can be exchanged. Four such centres have been established, opening the laboratories, knowledge and experience of academic institutions to companies for the development and improvement of products.

Mr Lubbers's Centre-Rigbt Government has further boosted the policy, trying to promote co-operation between academic and businessmen with the hope of orienting research towards more commercial applications.

Universities and technical schools are being offered subsidies to establisb "transfer points" with industry wbere expertise can be exchanged. At least four such academic-industrial centres have been founded, which bave opened academic institutions' laboratories, knowledge and experience to companies for product development and improvement.

Around Fl 100m (£23m) is to be made available over the next four years to fund joint research projects between academic institutions and companies. Efforts have begun in two broad areas, biological and membrane technology, including a membrane project involving the Agricultural College in Wageningen, Akzo's Otares Unit, Gist-Brocades and Union Sugar.

A third programme known as the innovation stimulation subsidy, will provide Fl 1.1bn over the coming five years to cover labour costs of companies involved in research and development. Tbis subsidy is particularly useful because of a severe sbortage of adequately trained computer specialists in the Netherlands. The University of Amsterdam is now paying a salary bonus to such experts to ensure it bas enough instructors.

A fourth initiative is the "informatica" policy, under which about Fl 1.7bn will be available until 1990 to familiarise businessmen, students and civil servants with information technology. Schools will be provided with computer equipment for instruction along with Government ministries.

The Agriculture Ministry recently awarded a Fl 750,000 contract to a small Amsterdam company called Ores, which markets operational research systems, to provide software for test stations, research institutes and agricultural colleges.

Budgetary constraints mean that the Netherlands must carefully watch its financial aid to industry, however. The Dutch bave been driving a hard bargain with Inmos, Thorn-EMI's integrated-circuit subsidiary, over possible plans to set up a chip factory in tbe province of Limburg. The central and provincial government bava apparently baulked at the idea of increasing their financial backing for the Fl 600m project, boping to draw more money out of Tborn.

The Economics Ministry recently indicated that it may bave to tigbten requirements for the innovation and research programme because of greater-than-expected demand from industry.

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SIXTH ROUND OF TALKS BEGINS IN MOSCOW

Sino-Soviet search for closer ties resumes

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION and China started talks in Moscow yesterday on improving relations, against a background of increasing cordiality between the world's two largest Communist powers.

The negotiations are the sixth round of talks which started in 1982, but over the past year Moscow and Peking have rapidly improved ties.

The contacts are aimed at normalising relations between the two states but there have been no official meetings between the two Communist parties. The new Soviet leader, Mr Mikhail Gorbachev, called for better relations with Peking when he took over last month.

The Chinese, however, have never dropped the three demands which they say impede normal relations: Soviet support for Vietnam in Kampuchea, the Soviet presence in Afghanistan, and its heavy military presence along the Chinese border.

In February, the Soviet daily newspaper Izvestia carried a long account of relations with China since the Chinese Communist Party took power, saying that Peking's present attitude to improved ties was ambiguous.

After listing Moscow's grievances against China since the two powers began to split in 1958, the article said that "in a whole series of aspects of its foreign policy, China is still confronting the Soviet Union and other Socialist countries."

It concluded that while the Soviet Union is in favour of better relations with China, it would not seek them "at the expense of our country's friends and allies." This is a reference to Vietnam, Afghanistan and India.

The Soviet media have given extensive publicity to Chinese support for anti-government guerrillas in Afghanistan, but Moscow has clearly noted that Peking made no effective military response to the Vietnamese attack on Chinese-supported guerrilla bases on the Kampuchean border this year.

The two weeks of talks in Moscow which started yesterday will be divided into four sessions. No breakthrough is expected but the tone of the exchanges is clearly warmer.

Mr Gorbachev appears to be giving improved links with China greater emphasis than did his predecessor, but the main thrust of his foreign policy in his first month in office has been devoted to meeting leaders from the Soviet Union's East European allies.

SOVIET Defence Minister Sergei Sokolov arrived in Warsaw yesterday for talks with his Polish counterpart Mr Florian Siwicki, Reuter reports from Warsaw. They were expected to discuss preparations for the renewal of the Warsaw Pact treaty next month, as well as the Soviet Union's temporary freeze on the deployment of nuclear weapons in Europe.

The visit is the first Mr Sokolov has made to Poland since he took over the Defence Ministry following the death of Marshal Dimitri Ustinov last year. Formal ceremonies extending the Warsaw Pact alliance are expected to be held in the Polish capital before the middle of next month.

Mark Baker adds from Peking: There is an unusual air of optimism surrounding the renewed dialogue between China and the Soviet Union on improving their troubled relations.

Hu Yaobang, China's Communist Party chief, yesterday signalled a change in Peking's negotiating tactics with the Kremlin, indicating that China was no longer insisting on the three issues as the key to better Sino-Soviet relations.

Instead, he told Hong Kong reporters that what he termed the threat to China's borders must be removed—but he did not identify the source of the alleged threat. "I cannot say clearly how many obstacles there are, but the obstacle regarding state security must be removed," he was quoted as saying.

The visit to China in late December of Deputy Prime Minister Ivan Arkhipov, the most senior Soviet official to tour China since the early 1960s, seems to have helped improve relations. His visit had originally been scheduled for last May but was abruptly cancelled during a period of tension over the Sino-Vietnamese border and President Ronald Reagan's China tour.

The Arkhipov visit cemented the growing economic contacts between the two countries which have seen two-way trade rise from about $300m in 1982 to a projected $1.8bn this year.

Diplomats see some room for compromise on the issue of Soviet troops and missiles in the Far East, but the occupation of Afghanistan remains an issue of deep dispute. After the setbacks suffered by the resistance forces in Kampuchea recently, China is probably less likely than ever to modify its hostility to Soviet support for the Vietnamese.

Events in recent months, however, have suggested a new willingness by the Chinese to skirt issues of principle in the interests of an easier relationship. They have even indicated that they may be ready to take the important step of restoring relations between communist parties, severed since the bitter fights over ideology 20 years ago.

Dutch minister to explain missiles stance to Gromyko

BY LAURA RAUN IN AMSTERDAM

THE DUTCH Foreign Minister, Mr Hans van den Broek, is to meet his Soviet counterpart, Mr Andrei Gromyko, in Moscow today to discuss the Netherlands' decision due later this year on whether to deploy U.S. nuclear-cruise missiles.

Mr van den Broek seems likely to repeat to Mr Gromyko remarks he made on leaving here yesterday, that the Netherlands will proceed with deployment of 48 medium-range cruise missiles if the Soviet Union does not reduce the number of SS20 missiles it has in place.

The Dutch position was unaffected by the offer by Mr Mikhail Gorbachev, the Soviet leader, to stop stationing SS20s until November, because the number of Soviet missiles in place would remain too high, Mr van den Broek indicated.

At today's meeting he is likely to stress the Dutch hope that Moscow will reach an arms-reduction accord with the U.S. at the Geneva talks.

The Soviet Union is believed to have deployed 414 SS20s, or 36 more than the number on June 1, 1984, when the Dutch cabinet postponed a decision on deployment for a second time. The Netherlands is the only one of the five Nato members who agreed in 1979 to accept cruise and Pershing missiles yet to station the rockets.

Under a cabinet decision taken last year, the Netherlands will deploy its share of missiles if the Soviet Union has deployed more than 378 SS20s by November 1 this year. If no more than 378 (the number deployed by last June) have been put in place then the Dutch will not deploy any missiles at their Woensdrecht site near the Belgian border. If Moscow and Washington have reached an arms accord by the November deadline, the Dutch will take a proportionately smaller number of missiles.

Mr Gromyko (centre) was visited yesterday by a delegation of U.S. congressmen headed by Mr Tip O'Neill (left). He sees Mr van den Broek (right), his Dutch opposite number, today

Today's encounter between Mr ven den Broek and Mr Gromyko follows a meeting at the United Nations in New York last *September*.

Reuter adds from Moscow: The Speaker of the U.S. House of Representatives, Mr Thomas (Tip) O'Neill, leading a 13-man congressional delegation, met Mr Gromyko yesterday.

The Soviet news agency Tass said that the Americans stressed the "so-called defensive character" of President Ronald Reagan's space based anti-missile system called the Strategic Defence Initiative on Star Wars.

Mr Gorbachev has said that the U.S. is trying to hide a "nuclear sword" behind the shield of SDI.

Tass said Mr Cromyko drew the American's attention to Mr Gorbachev's announcement of a seven-month freeze on deployment of SS-20 missiles in Europe and his call on Washington to respond with a similar gesture.

Mr O'Neill is expected to be received by Mr Gorbachev today

Unofficial strikes disrupt Denmark

UNOFFICIAL STRIKES continued in Denmark yesterday in the wake of the country's worst industrial confrontation for years. **Reuter reports from Copenhagen.**

Buses, post, hospitals and rubbish collection were among the areas disrupted as thousands of workers defied Government orders to return to work. They are protesting at a two-year wage settlement imposed by the Government on private and public sector employees.

Denmark's two largest ports, at Copenhagen and Aarhus, also remained closed, a Danish Harbours Association spokesman said. Koege on Zealand was shut, but the rest of the country's harbours were working normally.

Pickets at bus depots in Copenhagen and Esbjerg hit morning commuter services and dustbins in the capital overflowed because of continued inaction by 400 collectors.

Staff at several hospitals stopped work, leaving only essential services, schools in Esbjerg sent pupils home after teachers left for protest meetings, and some factories reported that workers had downed tools ahead of a national day of action

A petrol shortage in the east of Denmark appeared to be easing after police said they had ensured tanker drivers could pass pickets at the central Copenhagen fuel terminal.

National officials of the unions, which are legally bound by the government's imposed settlement, have urged a return to normal working and said members should protest through the ballot box at elections, not with unofficial action.

● The street price for locally-bottled whisky topped $50 (£41) in Finland yesterday as a strike by workers at state-run liquor stores showed no signs of ending, Reuter reports from Helsinki. Sales staff of the state liquor monopoly "Alko" have been on strike over pay and conditions since March 29. Travel agents report a boom in trips to neighbouring Sweden.

Spanish warning

Spain's Communist-controlled Workers' Commissions union confederation warned yesterday that it will call a 24-hour general strike in June in protest at government plans for social security reform, Reuter reports from Madrid.

Spanish support for decision-making by majority in EEC

BY DAVID WHITE IN MADRID

SPAIN, which is due to become an EEC member with Portugal from the start of next year, will *support majority* decision-making and the strengthening of supranational institutions in the Community, Sr Manuel Marin, Secretary of State for EEC Relations, said here yesterday.

Sr Marin ,who was attending a meeting of the Confederation of the Socialist Parties of the European Community, said the Spanish Government would be a firm advocate of majority decisions in all fields. "It is the only way the Community can work," he commented. It remained to be decided, however, what mechanisms would be employed.

In an address to the conference yesterday, M Jacques Delors, president of the European Commission, stressed that the Commission attached great importance to having these subjects tackled at the Community summit in Milan in June.

He said the questions needing to be raised included whether European co-operation should be expanded, the areas in which the European Parliament should share decisions with member governments, the ways in which more decisions could be made by majority vote, and the Community's *future resources.*

Sr Marin, Spain's principal negotiator with the EEC, said be hope dthat the enlargement treaties would be signed before the Milan summit. The Madrid Government hoped simultaneous ceremonies could be held in Madrid and Lisbon.

Sr Felipe Gonzalez, the Spanish Prime Minister and Socialist Party leader, appealed in his speech to the conference for support in getting enlargement ratified by member parliaments in time for the January 1 target entry date.

The issue of supranationality is one that has so far been little aired in Spain, where the debate has centred on the prospects for entry and the terms of admission. The Madrid Government's stance is expected to be backed cautiously by Sr Mario Soares, the Portuguese Prime Minister, who is also attending the two-day Socialist conference here.

Portugal's position will be conditional, however, by its concern to defend the interests of smaller members, and by strong internal opposition to EEC membership from the country's Communist Party.

Current account surplus for Belgium and Luxembourg

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM AND Luxembourg yesterday reported their first current account surplus since 1976. Figures from the National Bank of Belgium, showed that the 1984 surplus for the two countries, which have a long-standing economic union, was BFr 11.7bn (£153m) against a deficit of BFr 38.4bn in 1983.

The external trading performance of the two countries has steadily improved since a devaluation of the Belgian franc in early 1982. This allowed Belgian companies to regain competitiveness in international markets after a steady erosion of their position in the late 1970s and early 1980s, at the same time, the Government has been pusuing policies designed to foster the corporate sector while reining in consumer spending.

The current account deficit has thus been steadily cut from BFr 199.6bn in 1981, to BFr 112.8bn in 1982,

On visible trade alone, Belgo-Luxembourg Economic Union exports registered a surplus over imports last year of BFr 21.9bn against a deficit of BFr 23.9bn in 1983. But the current account has been hurt by the movement of capital overseas. Here there was a 1984 deficit of BFr 97bn, compared with BFr 86.8bn the previous year.

The Ministry of Finance noted, however, that the greater part of last year's deficit resulted from movements in the first half.

Fabius visit boosts French prospects in South Korea

BY STEVEN B. BUTLER IN SEOUL

THE visit to Seoul of French Prime Minister Laurent Fabius, the first ever by the head of the French Government, appears to have paved the way to greatly improved political and economic relations between France and South Korea.

The first concrete result in the improvement in relations was Monday's announcement of the reopening of negotiations for the purchase of three wide-bodied A-300-600 Airbuses, and France yesterday expressed interest in participating in Korean projects in energy, transport, environmental protection and telecommunications.

Framatome is currently building two nuclear reactors in France and is expected to bid for two more late this year or next. Alsthom-Atlantique is also hoping to win contracts for France's TGV high-speed train.

It is unclear, however, if improved political relations will translate into advantages when South Korea awards contracts in these fields.

Relations between the two countries had been strained in recent months by a French decision in December to rename the North Korean office in Paris from a "trade mission" to a "general delegation." The deterioration in relations following the decision threatened to harm France's commercial relations with South Korea.

M Fabius said yesterday that the explanation of his Government's position, that renaming the mission had no diplomatic significance, had completely cleared up the political clouds that had troubled their bilateral relations.

Western diplomats in Seoul expressed surprise at the degree to which the French bent over backwards to please their

M Laurent Fabius

Korean hosts. M Fabius went so far as to pledge to Korean Prime Minister Lho Shin-yong that France would not establish diplomatic relations with North Korea without the consent of the South Korean Goverment.

M Fabius and his delegation, which included three cabinet ministers, had stressed repeatedly the similarities between the two countries, and the complementary nature of the two economies. The countries are seeking to expand a programme of joint ventures between small and medium-sized companies for export to third country markets. Currently there are 35 pairs of companies participating in the programme.

Bilateral trade between the two countries last year totalled U.S.$634m. Mme Edith Cresson, France's Minister of External Trade, will leave Korea today for Peking, staying in Seoul one day longer than the rest of the delegation.

Taipei court jails two for life over murder of writer

BY BOB KING IN TAIPEI

THE TAIPEI district court yesterday sentenced two men to life imprisonment for the slaying of a Chinese-American author and journalist in the U.S. last year.

Mr Chen Chi-li, a major figure in the Bamboo Union, Taiwan's most notorious crime family, and Mr Wu Tun, Mr Chen's subordinate, were not present in the courtroom when the sentences were announced.

The two men were convicted of murdering Mr Henry Liu, a former Taiwan resident and a critic of the Taiwan Government, largely on the basis of confessions by Mr Chen and Mr Wu shortly after their arrests at the start of a nationwide crackdown on organised crime that began last November.

In their confessions, Mr Chen and Mr Wu also implicated vice admiral Wong Hsi-ling, head of the Defence Ministry's intelligence bureau, along with two subordinates. Mr Chen said the admiral told him to arrange for Mr Liu's death because Mr Liu was a double agent who had allegedly betrayed Taiwanese agents in China.

The three intelligence officers have denied involvement in the murder. Their trial in military courts began last week and will resume shortly.

In its decision the Taipei court ignored Mr Chen's defence that he was merely a soldier acting under orders from Admiral Wong and that it was his "patriotic duty" to eliminate traitors.

India seeks better deal for Bhopal victims

INDIA SAID yesterday that it was still willing to consider a possible out-of-court settlement with Union Carbide provided the U.S. company offered adequate compensation to victims of the Bhopal pesticides gas disaster, Reuter reports from New Delhi.

The Indian authorities on Monday filed a lawsuit in New York District Court against Union Carbide on behalf of those who died or were injured in the December gas leak at the Bhopal plant owned by Union Carbide's Indian subsidiary. An estimated 2,500 people were killed and a further estimated 125,000 were injured.

Mr Veerendra Patil, the Indian Chemicals and Fertilisers Minister, yesterday informed Parliament that the suit had been filed after what India felt was a ridiculously low offer of compensation from the company. He did not give details of the offer but said that the Indian Government would consider a further offer from the company if it involved adequate compensation.

The suit does not seek specific amount of damages but asks that any award should be large enough to deter Union Carbide and any other multinational from the "wanton disregard of the rights and safety of the citizens of those countries in which they do business." It said Union Carbide's negligence was behind the December 3 gas leak.

"Union Carbide is absolutely liable for any and all damage caused . . . by the escape of lethal MIC (methyl isocyanate) from its Bhopal plant," the suit says. "Union Carbide allowed the lethal MIC gas to escape . . . exposing innocent and helpless people in the city of Bhopal, the adjacent countryside and its environs."

● A police officer was shot and killed by gunmen in Punjab, holy city of Amritsar, the Press Trust of India (PTI) reported yesterday.

The news agency said Jagdish Rai Kanda was shot at close range late last night as he rode his motorcycle to work at a police station.

● India expects to produce 30.14m tonnes of crude oil in 1985-86 and import nearly half that amount, the government said yesterday, AP reports.

Mr Nawal Kishore Sharma, Minister of State in the Petroleum Ministry, told Parliament that India's crude oil requirement in the new fiscal year is 42.14m tonnes.

He said the "tentative" figure for domestic production in 1984-85 was 28.99m tonnes, short of the target of 29.63m. India produced 26.02m tonnes in 1983-84, Mr Sharma said.

Economic performance is key question for Suharto, writes **Kieran Cooke** from Jakarta

Growing worries for Indonesia's quiet patron

WHEN Mrs Thatcher sits down for talks today with the Indonesian President she will be meeting one of the world's most powerful, but least publicised, leaders.

President Suharto, 64, has now been in power in this, the world's fifth most populous country with more than 160m people, for nearly 20 years. Yet to many both inside and outside Indonesia he remains an enigma, almost the exact opposite of Mr Sukarno, the man he succeeded in the wake of a bloody coup attempt in the mid-1960s.

Whereas Mr Sukarno was a populist, a flamboyant leader who steered Indonesia to independence and then into a period of chaos, President Suharto is a measured, quiet patron who likes to be known as the father of Indonesia's development. But for all his benign personal countenances, President Suharto has power and influence that goes into almost every sector of society in a country which encompasses more than 13,000 islands and stretches across an area wider than the U.S.

The regime he heads is a paradoxical one. On one side is the Javanese elite, inhabiting a world full of protocol and court intrigue and belief in the spirits, an inward looking world where group and family connections are crucial.

On the other are the technocrats, men mostly trained in the Netherlands or the U.S. whose ideas have galvanised Indonesia into being one of the most successful of the developing world's economies. President Suharto is, said one observer, "part old-style sultan, part steel-minded general, part ambitious technocrat and part

President Suharto

deeply suspicious peasant."

While the Suharto regime hardly fits into classic Western definitions of a military dictatorship or police state, power in Indonesia is very much a top-to-bottom affair, with the Palace and the military at the pinnacle. It is an overwhelmingly centralised system in which potential rivals are played off against each other, where loyalty is richly rewarded and direct opposition rarely tolerated.

President Suharto's old colleagues from army days hold several important Cabinet positions and almost all provincial governors are retired army men. The military also receives generous stipends. In the early 1970s a group of army generals was given a timber concession of more than 600,000 hectares—an area almost 12 times the size of Singapore—while a recently retired military group inherited a coal mine.

Alongside the military structure a formidable political apparatus has been constructed, centred on the government party, Golkar. The party includes most of Indonesia's 2m civil servants and has a political machine which stretches into all corners of society. Golkar has won all three elections since President Suharto came to power and is now involved in a mass registration drive to make, as the Government says, the next elections in 1987 "successful."

Meanwhile, in what is seen by some as a move towards the legitimisation of a one-party system, legislation is being passed which virtually forbids the existence of any political groups, including religious bodies, without official approval or sponsorship.

However, while President Suharto's control is comprehensive, he does face difficulties. Certain groups, particularly among the more ardent Moslems, have become increasingly militant, angered by what they see as the Government's attempts to exclude them from any say in the power process.

Moslem resentment—in a country which has the world's biggest Moslem population—is seen as one of the main reasons behind the recent riots and bombings in Jakarta and elsewhere in the country.

Some groups in the military are also becoming restless. As Indonesia develops, they see their role declining and are unhappy at recent moves to slim down the armed forces.

President Suharto himself, some observers say, shows signs of tiring, and, while it is unlikely he will step down when his term of office expires in 1988, people are anxious that no obvious successor has so far appeared, giving rise to fears of a power vacuum and upheaval resulting from any sudden change at the top.

By far the most crucial question hanging over the future of the Suharto regime is the performance of the Indonesian economy. As oil revenue, which accounts for more than 60 per cent of total revenue, has declined, economic activity has had to be scaled down. For an Administration that has largely justified its stay in power through its development achievements, any economic downturn is unhealthy.

Also, in these new, tighter economic times, President Suharto is having to face certain realities that have tended to be ignored. Only now are efforts being made to tackle the mismanagement and nepotism that flourishes in almost every sector of the economy. So dire has the situation become in the ports, where illegal licenses and other payments threaten the growth of Indonesia's vital non-oil and gas exports, that the powerful head of the armed forces, Gen Benny Murdani, was recently put in charge of a big clean-up operation. Many, however, feel that such action may have come too late.

Moreover, President Suharto's position could be undermined by any thorough anti-corruption campaign. Already, long-needed reforms, such as a new tax system, have met stiff opposition, while efforts to streamline the country's cumbersome bureaucracy have had only limited success.

"In many ways," one long-time observer of Indonesian affairs said, "President Suharto has become a victim of his own system, seemingly unable to make the real changes needed to ensure Indonesia's onward development, without undermining his own position."

Iran, Iraq swap charges as UN chief ends visit

By Our Middle East Staff

SR JAVIER PEREZ DE CUELLAR, UN Secretary-General, yesterday ended his visit to the Gulf in search of ways to find an end to the conflict between Iraq and Iran on a pessimistic note as Teheran and Baghdad exchanged recriminations.

After talks with President Saddam Hussein and Mr Tariq Aziz, the Iraqi Foreign Minister, he told a press conference in Baghdad that he had made no progress towards a settlement but at least the governments of both countries had said that they wanted peace.

"We should be very careful not to raise expectations

An official Iraqi newspaper, Al Qadisiya, yesterday urged Sr Perez de Cuellar to direct his efforts "towards an open condemnation of the party rejecting peace."

Iran called on the UN Secretary-General to investigate Iraq's renewed use of chemical weapons in recent fighting.

Israeli minister to go to Cairo

BY DAVID LENNON IN TEL AVIV AND NORA BOUSTANY IN BEIRUT

MR EZER WEIZMAN, the Israeli Cabinet Minister who helped negotiate the peace treaty between Israel and Egypt, will meet Egyptian President Hosni Mubarak in Cairo next week in what may be the precursor to a summit meeting between the leaders of the two countries.

Relations with Egypt have been strained since the Israeli invasion of Lebanon in 1982, but Mr Shimon Peres, the Israeli Prime Minister, has been striving to improve ties with Egypt since coming to office in September.

Israeli officials yesterday were at pains to emphasise that the visit was a private one at the invitation of Egyptian Prime Minister Kamal Hassan Ali and should not be seen as a preparation for a summit meeting.

However, the visit will be the first by an Israeli minister in recent years which is not tied to a specific commercial purpose, and yesterday's disclaimers were being seen as an attempt to assuage the ruffled feathers of the Israeli Foreign Ministry, which believes that bilateral relations should be its province rather than left to a minister without portfolio however popular he might be with the Egyptians.

Meanwhile, Israeli jets struck at a Druze mountain village south-east of Beirut yesterday and Christian spiritual and political leaders met to sort out differences in Lebanon's Christian community.

Israeli warplanes bombed the mountain village of Chemlan, seven miles south-east of Beirut, in the first raid since March 13, killing at least four people. An Israeli military spokesman in Tel Aviv said the pre-dawn attack targeted a two-storey building used as a base by pro-Syrian Palestinian guerrillas. However, the Druze Progressive Socialist Party (PSP) said one of its positions was hit.

The Israeli strike whether directed against the pro-Syrian Palestinian Popular Struggle Front or Druze strongholds, appeared to be a warning to Druze leader Mr Walid Jumblat not to interfere in clashes in Sidon between Israeli-backed Christian militiamen and Moslem-supported Lebanese army soldiers, or allow Palestinian guerrillas to return to his areas.

Pro-Syrian Palestinian guerrillas have been observed fighting alongside PSP positions in the hills above Beirut where the PSP confronts army units loyal to the Lebanese President, Amin Gemayel.

Rebel Christian militiamen have pinned down Sidon with sniping and shell fire for the past three weeks in a bid to establish a Christian enclave extending from townships east of the port city to the Lebanese-Israeli border.

Gunmen stole about 12.5 kg of gold worth about $135,000 from traders visiting Lebanon's Economy Minister, security sources told Reuter in Beirut. The robbers escaped after holding at gunpoint ministry officials and several merchants who had called to have the ministry's seal placed on the gold they had imported.

70% of China's senior leaders to be replaced

SOME 70 per cent of leaders in 136 major Communist Party and government departments are being replaced this year, Hu Yaobang, Chinese Communist Party general secretary, said yesterday, AP reports from Peking.

They include 107 party and state council departments and 29 provincial, municipal and regional governments.

The biggest shakeup since Chinese leader Deng Xiaoping came to power in 1978 was revealed by party chief Hu in a 90-minute meeting with the 38-member Hong Kong Press corps. Other foreign correspondents were barred from the meeting.

In answer to questions, Hu disclosed that 900,000 officials have been retired in the party's drive to ease out ageing Leftists and unqualified officials.

Hong Kong and Macao reporters quoted Hu as confirming that his protege, Hu Qili, a member of the party secretariat, will be nominated to the 24-member Politburo at the special party conference scheduled in September.

AMERICAN NEWS

Key role of television in Brazil's real-life soap opera

BY ANDREW WHITLEY IN RIO DE JANEIRO

FOR NEARLY four weeks Brazil's entire 131m-strong population has been gripped by a real-life drama which has had all the ingredients, and more, of the country's highly popular television soap operas.

A new civilian president, about to take power as the man who could bind up the wounds left by two decades of military rule and revive the country's fortunes, is struck down by a mysterious illness on the eve of his inauguration. Rumours abound—and still persist—that he was shot.

The strong-willed wife of the president-elect and their ambitious, 25-year-old grandson make the decisions over his treatment, virtually ignoring the constitutional authority represented by the acting President. In the background, the shadowy figure of the National Intelligence Service chief personally supervises the news bulletins to be fed to an anxious public.

Stand-up rows break out in public between the rival medical teams treating the stricken national leader, whose condition is aggravated seriously by a hospital infection he picked up early on. Finally, in the latest episode shown over the past few days, after what many Brazilians are convinced was an Easter miracle, the 75-year-old leader's health begins to improve.

All this is brought to the public, step by step, blow by blow, by a national television network which has few rivals

The Globo network, owned and run by an ageing patriarch, Sr Roberto Marinho, is the fourth largest commercial television network in the world, exceeded only by the big three U.S. networks. It reaches a regular audience of over 40m for its main evening news and at times of crisis such as this its viewing public rockets up

Globo's unstated, but unmistakeable, decision to back Sr Tancredo Neves for the presidency against his military-backed rival was a decisive factor in the former's electoral success last January. It has also played a key role in recent weeks in helping preserve the calm.

What reinforces the impression that it is TV Globo, and not Vice-President Jose Sarney, lonely in the presidential palace *in Brasilia*, which *is running* the country is the fact that the new presidential spokesman is himself a former Globo journalist.

Sr Antonio Britto, 32, the official spokesman, well known to the public as the man on the other side of the microphone in Brasilia, reporting the nation's events. Now he has the difficult task of confronting several times a day his news-ravenous former colleagues with only the dry language of medical bulletins—as filtered by Gen Ivan Souza Mendes, the intelligence chief, installed within San Paulo Hospital.

The ailing leader's aides know the importance of TV Globo in easing the country through these difficult days just as much as their military predecessors did.

From boardroom to slum bar, televisions have been left on permanently since the presidential drama began late on March 14. Normal business activity has been almost impossible because so many key figures have been glued to the box, waiting for the next flash from the hospital.

Even Sr Neves' closest relatives, waiting inside the hospital, first heard about his latest operation last week from the familiar face of the TV Globo reporter stationed outside the gate.

Neves: a nation prayed for his recovery

Tim Coone assesses the importance of the IDB loan to Managua's economic future

Nicaragua's allies are put to the test

A cartoon appeared in the official Nicaraguan government daily recently showing a bank clerk, both arms and legs bound tightly to his chair with rope (made in the U.S.), and saying to a customer on the other side of the cash window "Yes sir, and how can I help you?"

The bank, of course, was the Interamerican Development Bank (IDB) whose annual meeting of governors in Vienna recently, was the scene of a bitter rhetorical battle between the U.S. and Nicaragua over U.S. attempts to stymie a $58.4m loan to Nicaragua for seven major agricultural projects.

The meeting was inconclusive, but for Nicaragua the loan has assumed an importance beyond the money itself. It has become a symbol of the struggle for Latin American unity in the face of a crippling foreign debt burden and falling terms of trade for the continent. Nicaragua sees itself in the vanguard of these impoverished debtors and its calls in international forums for a foreign debt moratorium have certainly found an echo on the continent, even from regimes ideologically opposed to the Sandinistas.

As a result the Sandinistas have clashed swords sharply with the U.S. and in reply the U.S. has shown itself prepared to go to great lengths to silence the Sandinistas, even to the extent of putting the future of an institution such as the IDB at risk. In the words of Sr Cesar Arostegui, the Nicaraguan vice-minister of economic cooperation, and who has been closely involved with the IDB negotiations, "failure to approve the loan now will actually damage the bank more than it will damage Nicaragua." His reasoning was that the non-U.S. funders of the Bank will be reluctant to supply further finance "if the Bank simply becomes another tool of U.S. foreign policy in the continent."

Nicaragua has requested that the US$58.4m loan not be submitted for further technical considerations as suggested by the Bank, but that it go directly for approval by the Bank's 12-man board

Nicaragua is now suffering badly for being in the frontline of this ideological confrontation with the U.S. In 1984, multilateral financing of its now persistent $400m balance of payments deficit fell to zero from a level running at several hundred millions of dollars per year immediately after the 1979 revolution. The U.S. has been the principal obstacle to any new loans for Nicaragua.

The resulting foreign exchange crisis has produced huge distortions in the economy affecting prices, incomes, transport, distribution and all forms of production and forced many people into the informal sector of the economy, making their living from speculation in scarce consumer goods. This year's coffee, cotton and sugar harvests, all important foreign exchange earners have suffered badly as a result of delays in importing vital pest control chemicals and spare parts.

PRINCIPAL SOURCES OF BILATERAL ECONOMIC AID TO NICARAGUA SINCE 1979

	m
Mexico	500
Soviet Union	300-400*
East Germany	200
Bulgaria	200*
Cuba	150*
Spain	60
Brasil	50
France	45
Libya	100-200*

*Figures in U.S. dollars. * Estimate. Source: diplomatic missions and local press*

Consequently Nicaragua has had to turn increasingly to bilateral financing, an increasing proportion of which is now coming from the Comecon countries. According to Sr Arostegui "It is not that we are specifically looking for this, but we have to turn to where the finance is available."

The implications could be far-reaching. Even though only 30 per cent of Nicaragua's foreign debt is owed to the Comecon bloc, according to Sr Arostegui, this figure disguises a trend.

It is only in the past two to three years that finance from Eastern Europe has become significant to the point where 50 per cent in new funds in *1984* came *from* the Comecon countries, according to one presidential economic adviser. East Germany has provided some $200m in credits since 1982, as has Bulgaria. In 1984, the Soviet Union began supplying half (around $75m per annum) of Nicaragua's oil needs on generous credit terms. This is in addition to an already extensive credit and technical aid programme.

However, both the Eastern Europeans and Nicaraguans are reluctant to discuss in any greater detail their bilateral trade relations. They have now been joined by the IDB office in Managua, which in an evident state of embarrassment over the stalled loan told the FT that "any enquiry regarding the IDB loans to Nicaragua should be referred to the appropriate spokesman of the Nicaraguan government."

Nicaragua has by no means turned its back on the West, however. Mexico has provided Nicaragua with over $500m of crude oil since 1981, all of it on credit. Despite apparent conflicts between the Mexican *Treasury and* the oil *company*, Pemex, Mexican aid is still continuing to do so.

However, for the Sandinistas, Latin America remains a crucial area of political and economic support. President Daniel Ortega's recent visit to Uruguay, where to a tumultuous welcome he almost upstaged the inauguration of President Sanguinetti, and to Brazil where he courted Brazilian businessmen and financiers, are indicative of the importance the Sandinistas attach to Latin America.

A growth in Brazilian support and co-operation, especially in key areas such as petroleum exploration and energy development, will be significant as such support would be fundamentally political "as Nicaragua has nothing to sell to Brazil in return," said a Brazilian diplomat in Managua. The fate of the IDB loan and Brazilian support will therefore be test cases for the Sandinista government and will reveal where its true allies lie if the economic crisis becomes critical.

Legislation proposed for bond market

REPRESENTATIVE Timothy Wirth, chairman of the House energy and commerce committee's finance subcommittee, will propose legislation next week to impose limited regulation on the government securities market, Congressional sources said, Reuter reports from Washington.

Mr Wirth's draft legislation would empower the Municipal Securities Rulemaking Board to supervise the government securities market and its dealers.

In a memo to members of the finance subcommittee, Mr Wirth, a Democrat, said the legislation was prompted by the string of recent failures of government securities dealers.

F-A-18 jet fighter antitrust suit settled

One month after the U.S. Navy warned it might start billing them for legal expenses, two of the largest U.S. military contractors have settled a private antitrust suit over who will build the F-A-18 jet fighter for the export market, AP reports from Washington.

McDonnell Douglas and Northrop have agreed a settlement which includes a $50m (£42m) payment by McDonnell Douglas to Northrop, and a partnership contract which makes clear that McDonnell Douglas will serve as the prime contractor for all F-A-18s, including those built for export.

Mexican export liberalisation delayed

Fierce lobbying by Mexican industry is delaying implementation of a programme designed to help export industries become more competitive by allowing them greater access to imported products, AP-DJ reports from Mexico City.

Mexico promised the International Monetary fund in a letter of intent two weeks ago that it would implement the programme, seen as part of an effort to liberalise trade policy. But the programme, known as Dimex, has been opposed by Mexican industry

Maryland bank move

BY PAUL TAYLOR IN NEW YORK

MARYLAND state legislators have agreed to allow Citicorp and other out-of-state banking groups to establish full-service banks in the state.

The overwhelming vote ends a month of wrangling over the legislation

The legislation represents the latest in a series of moves by state legislatures to override federal regulations, which generally ban interstate banking. Under its terms, any bank that first establishes limited-service banking operations in the state and then agrees to invest at least $25m in facilities in designated high-unemployment areas and hire at least 1,000 people over a three-year period will be allowed to operate a full-service commercial bank in the state.

WORLD TRADE NEWS

New Japan shipbuilding contracts fall 42%

By Andrew Fisher, Shipping Correspondent

NEW ORDERS won by the Japanese shipbuilding industry, the largest in the world, plummetted by 42 per cent in the latest fiscal year to end-March, Japan's Ministry of Transport said.

They totalled only 7.2m gross tons, or 299 ships, compared with 12.4m tons (633 ships) in the previous year, according to ship construction permits issued by the ministry.

In March alone, orders were 21 per cent up on the March 1984, level to 809,000 tons, but 6.5 per cent lower than in February 1985.

The collapse in total 1984-85 orders was mostly a reaction to the boost in the 1982-83 figure caused by the huge order for about 120 bulk carriers placed by Sanko Steamship, a domestic line.

The latest figures, which mirror the general decline in worldwide new building orders as the crisis in shipping markets continues, come amidst intensive government and industry deliberations about the future of Japanese shipyards.

A recent long-term study on the industry concluded that no recovery in demand was likely in the near future. About a fifth of Japen's shipbuilding capacity was superfluous at the current rate of construction, said the report by the Japan Foundation for Shipbuilding Advancement (Jafsa).

The Jafsa study, funded by the industry, was made separately from one now being carried out by the Ministry of Transport. It foresaw a modest rise to 19m tons in world annual demand for new ships up to 1990.

Beyond that, it expected demand to move ahead to e peak of 27m tons in 1993 or 1994, falling off to around 23m tons in the year 2000. Japan's share would range between 40 and 50 per cent.

Action programme will be implemented for up to three years, with outlines to be decided by July

How Tokyo will respond to trade liberalisation calls

BY JUREK MARTIN IN TOKYO

THE JAPANESE Government has pledged itself to "full consideration" of trade liberalisation recommendations put forward by the Advisory Committee for External Economic Issues.

The Government's response to the recommendations calls for an action programme to be implemented for a period of up to three years, with a programme outline to be decided by July.

It emphasises that, in preparing the programme, "opinions of informed people at home and abroad will be heard as part of an effort to ensure transparency."

The following are selected excerpts from the Government's official response to the Advisory Committee's recommendation:

A. Reduction of tariff rates.

1—Japanese tariff levels are already lower than those of other countries due to such factors as reduction of tariff rates by successive external economic measures.

Measures, such as reduction of tariff rates on certain items, advanced implementation of staged reduction of tariff rates in the Tokyo Round Agreements, and improvements in the Generalised System of Preferences, all of which were announced last year, have been implemented since April 1 this year.

Furthermore, in accordance with an agreement between Japan and the U.S., mutual elimination of tariffs on semiconductors has been implemented since March 1 this year.

2—The Government is to draw up a five-year programme of assistance to the ailing Japanese timber industry. When that has been effected, tariff reductions on plywood and other products will be considered, but not enacted before April 1987, at the earliest.

3—Decision on reduction of tariff rates on other items will be made within the first half of this year.

B. Improvement of standards and certification systems and import testing procedures.

1—In order to contribute to the improvement of standards and certification systems, the Government will continue its review on and endeavour for the improvement of the actual state of implementation of the measures of March 26 1983, taken by the Liaison and Coordination Headquarters on Standards and Certification Systems, etc.

2—When pharmaceuticals and medical equipment are submitted for the examination for approval under the Pharmaceutical Affairs Law, foreign clinical test data shall be accepted for medical equipments and extra-corporeal diagnostic agents which are immune to ethnic-based physiological differences.

Also, in order to ensure transparency of tha process of the examination for approval, companies applying for approval, including foreign companies shall be given opportunities to hear instructions directly from and explain their products to the Central Pharmaceutical Affairs Council.

Prime Minister Yasuhiro Nakasone of Japan points to world trade graphic charts as he makes a statement on opening-up his country's markets.

(3) Standards and certification systems and import testing procedures for individual issues will be further improved, and passage of high-cube containers will be permitted under certain conditions.

C. Encouragement of manufactured Imports.

(1) The business community is requested to co-operate with the Government in the efforts to increase imports including manufactured goods, with a full recognition that export alone can neither expand trade nor form harmonious external economic relations.

(2) Large scale import fairs will be held in various parts of the nation through such means as active use of the Japan External Trade Organisation (Jetro), and necessary support will be provided to trade fair activities sponsored by foreign governments.

(3) Specified Products Trade Expansion Programme which was established in 1984 has already made research on sales promotion strategy in Japan with regard to wine and furnitures.

Support and other efforts will be made for dissemination of the programme, and an additional number of countries and items will be considered.

(4) Expansion of Import Financing on Manufactured Goods.

In order to encourage further import of manufactured goods, the Export-Import Bank of Japan will reduce the interest rate for the import financing on manufactured goods.

(5) Implementation of campaign to encourage imports.

An intensive campaign through advertisements on newspaper, magazines, posters and on the streets and in TV programmes will be carried ont to appeal strongly to the Japanese people and companies to encourage their efforts to expand import of foreign manufactured goods.

D. Enhancement of Economic Co-operation

In order to secure harmonious development of world economy and positively to contribute to the international community, Japan will continue its efforts steadily to increase its Official Development Assistance (ODA), setting a new medium-term target for the period after 1986.

In so doing, it will endeavour, to tha greatest extent possible, to improve the quality of ODA through such steps as expanding bilateral grant aid and technical assistance and responding positively to requests for contributions to international financial institutions.

E. Promotion of mutual investment

Mutual investment will be encouraged in order to further internationalise the Japanese economy, to deepen the interdependency with other countries, and to vitalise other economies.

1—On industrial co-operation, the Headquarters for Promotion of Industrial Co-operation has been established within Jetro in order to strengthen its role to provide information. Starting this year, a special service on industrial co-operation will be provided by Jetro.

2—In order to encourage foreign enterprises to directly invest in Japan, vigorous support will be extended on a continned basis to local administrative bodies for their efforts in inviting foreign investments.

Foreign Lawyers' Activities in Japan

On the question of foreign lawyers' activities in Japan, the Japan Federation of Bar Associations made a basic policy decision on March 15 to accept foreign lawyers, subject to the principle that reciprocity be practically maintained and the principle that the foreign lawyers will subscribe to the autonomy of the Japan Federation of Bar Associations.

The Government will work to have an appropriate solution materialised as early as possible through full exchange of views with the Federation.

Demand for forest goods 'must expand'

DOMESTIC demand for Japanese forest goods must be expanded to meet increased competition from abroad, according to a Government White Paper on forestry released yesterday, AP reports from Tokyo.

The annual White Paper from the Ministry of Agriculture, Forestry and Fisheries said the Japanese forestry industry has suffered from recession since 1980 due to sluggish demand. The report covered the fiscal year ending March 31.

The U.S. and Indonesia, among olbers, have long asked the Japanese Government to reduce tariffs on forest products, especially plywood.

The Ministry, citing a "structural recession," has rejected the demands in the past, but the Government of Mr Yasuhiro Nakasone, the Prime Minister, is to pledge a time limit for tariff reductions in the package of market-opening measures announced yesterday.

The White Paper said Japan's forest industry should be reconstructed in all stages to ensure stable supply, quality and smooth distribution, to meet competition from imports, including substitute products.

The paper said Japan, which currently imports two-thirds of its forest products from abroad, could produce 50 per cent of the netion's lumber demand by the beginning of the 21st century because forestation efforts made after 1945 would come of age.

Our Commodities Editor writes: Japan is already a leading importer of timber, with a particular dominance in hardwoods (tropical timber) where it is by far the biggest single buyer.

However, the Japanese at present impose restrictions on imports of sawn timber and plywood, while allowing dutyfree imports of logs to be processed by the large domestic timber industry in Japan.

There has been an increasing trend among tropical timber exporters mainly in South-east Asia, to try to retain processing of timber products domestically or restricting the export of logs.

They would also welcome a liberalisation of Japanese restrictions on imports of semi-processed timber products.

So would the U.S. which is by far the largest exporter of coniferous (softwood) timber products, including plywood.

ITT set to invest £31m in Portugal

By Diana Smith in Lisbon

ITT has announced plans to invest Esc 6.2bn (£31.8m) in its Portuguese operations over the next four years. This is 60 per cent more than ITT's Portuguese companies invested between 1980 and 1984.

Decisions t expand Portuguese investment came after ITT representatives came to Portugal on a mission sponsored by the Overseas Private investment Corporation (Opic), the U.S. body that encourages private American businesses to invest overseas.

The U.E. embassy in Portugal has striven in recent years to persuade Opic and U.S. investors that Portugal's political and economic climate is now propitious for foreign capital.

ITT's expansion is a turnaround from the immediate aftermath of Portugal's 1974 military coup when the multinational felt moved to pull out, and militant workers took over ITT units such as Standard Electrica, which makes telecommunications equipment, the Lisbon Sheraton Hoetl, and Oliva (Metallurgical) industries.

When the situation calmed, ITT agreed to resume its Portuguese operations, and in recent years the units have improved productivity.

ITT operations in Portugal and Madeira (site of another Sheraton hotel) employ 4,800, and have a 1985 forecast turnover of Esc 17bn with 15 per cent in exports.

By 1989 when new investment is complete, forecast sales are Esc 41bn, with Esc 7bn in exports.

More than half the new investment will go to modernise ITT plants with purchase of new equipment and introduction of advanced technology especially at Standard Electrica.

Esc 2.4bn will be devoted to research and development at Standard Electrica, with a view to manufacturing new high-technology products especially for digital telecommunications.

The Portuguese authorities will invest heavily in digital systems in the coming years.

Cooper Rolls wins £40m gas turbine orders

Financial Times Reporter

COOPER ROLLS, a joint venture between Cooper Industries of the U.S. and Rolls-Royce of Britain for supplying gas turbine driven equipment, has won two orders with a combined value of nearly £40m.

An order from Norsk Hydro comprises five Coberra 6000 gas turbine systems to provide power generation and compression on an oil and gas platform in the Oseberg field in the Norwegian sector of the North Sea.

Cooper Vulkan, the West German affiliate of Cooper Rolls, has a contract for a single Coberra 6,000 system to drive compression equipment at the natural gas storage facility of BEB, a pipeline operator, in Doellingen.

ECGD backs £75m NZ rail loan

The Export Credits Guarantee Department has guaranteed a loan of NZ$220m (£75m) for the electrification of stage 1 of the New Zealand North Island main trunk railway which runs between Palmerston North and Ohakune, our trade staff writes. This is the first NZ dollar loan to be backed by ECGD.

Finance has been arranged by Lloyds Bank International working in collaboration with its sister bank, the National Bank of New Zealand who, together with Westpac Banking Corporation, will provide the domestic New Zealand dollars.

The contracts have been awarded by the New Zealand Railways Corporation to three members of the Hawker Siddeley Group: Brush Electrical Machines, Westinghouse Signals and Hawker Siddeley Rail Projects.

Peking setback for Australia's steel hopes

BY MARK BAKER IN PEKING

CHINA has delivered a setback to the Australian Government's plans for expanded iron ore and steel exports by announcing that no deals will be signed during the coming visit to Australia by the Communist Party Leader, Hu Yaohang.

Australia had expected that Hu, whose tour begins on Saturday, would sign the final agreement for Chinese investment in developing a new iron ore mine in the Pilbara region of Western Australia with the Hemmersley company.

Australian officials had also predicted that agreement was likely with the Chinese on long-term pig iron contracts that would enable BHP to reopen the moth-balled Kwinana steel plant in Western Australia.

But a senior Chinese official said yesterday that there were still "gaps between both sides" in both sets of negotiations and China was not ready to make any concrete commitments.

"We are not expecting anything to be signed during Hu's visit. There could be a dramatic change, but we are not expecting it," Chung Lunkai, a spokesman for the Ministry of Metallugical industry, said.

"It is going to be a quieter visit than we expected."

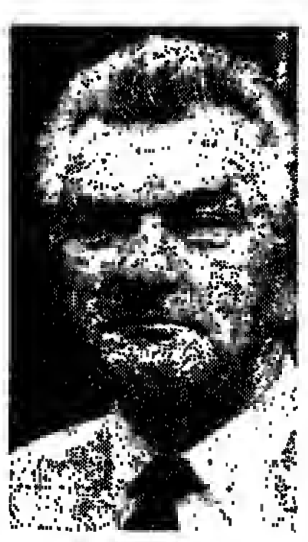
Chung also said a meeting of the inter-Governmental Steel Joint Study Group—established at Australia's instigation to explore broader co-operation in the iron and steel industries—would no longer be held during Hu's visit.

The meeting of the group, which last met in October, had been postponed "because nothing can be reached in such a short time."

The Chinese announcement is likely to embarrass Australia's Prime Minister Mr Boh Hawke, who has been optimistic about the prospects for long-term expansion in iron ore and steel sales to China since his visit to Peking in February last year.

Mr Hawke is scheduled to fly to Western Australia to meet Hu and accompany him on a tour of the Pilabara region before flying on to Canberra on Sunday.

While the Chinese are believed to be still interested in the proposal to develop a new iron ore mine with Hamersley at Channar, 600 miles north of Perth, industry officials indicated several weeks ago that the negotiations with BHP on Kwinana were in difficulty.



Mr Bob Hawke

The Chinese were initially negotiating with BHP on a joint venture to reopen the plant—a deal which Mr Hawke predicted could be a first step to a major expansion in crude steel sales to China.

But the Chinese told BHP in October that they were no longer interested in an investment in Kwinana, and the emphasis of the negotiations switched to the possibility of reopening the plant on the basis of long-term Chinese contracts for crude steel.

Industry officials said it was now clear that, because of the world glut of crude steel and depressed prices, it was unlikely Kwinane could reopen without heavy government subsidies.

Chung said China was "still optimistic" about the prospects for the Chanar mine joint venture, but added: "There are still gaps between both sides."

"The same problem" existed with negotiations over Kwinana, but did not give details of the *difficulties*.

"With Channar, we are talking about 20 years of co-operation, so both sides want to be prudent and get the details right," Chung stated. "It (Hu's visit) is a rather short time for both sides to negotiate any really concrete commitments."

Chrysler 'signs engine pact with Chinese'

DETROIT—Chrysler Corporation has signed an agreement to study whether to build 2.2-litre engines and minivans in China, a U.S. trade journal reports.

Ward's Automotive Reports said the number three U.S. carmaker agreed to the study with the Frst Automobile Works of Changchun, China.

The 2.2-litre — the main engine used in Chrysler cars and trucks—currently is made in New Jersey, Michigan and Saltillo, Mexico.

A Chrysler official quoted by Ward's said the Chinese plant may export engine components to the U.S., but not completed engines. "They would be strictly for China," the official said.

Another trade journal, Automotive News, reported this week that Chrysler and its Japanese partner, Mitsubishi Motors, may announce this week that they will build a subcompact car jointly in the U.S. However, officials for both companies said no announcements were impending.

The two companies have been discussing joint car production for more than e year. Mitsubishi has said the cars may be made in Ohio, Indiana, Kentucky or Illinois.

The company also has held open the possibility that it would build the cars alone and sell some of them to Chrysler.

Chrysler chairman Mr Lee Iacocca is to visit this week Japan and South Korea and is expected to announce business deals with Asian automotiva companies.

AP

Alan Friedman adds from Milan: Zanussi, the leading Italian home appliance group which was last year taken over by Electrolux of Sweden, has won a major contract to build a refrigerator fectory in China.

The $17m (£15.4m) contract, which calls for the construction of a plant capable of manufacturing 150,000 refrigerators a year, has been agreed with the China North Industries Corporation (CNIC).

Together with three other contracts recently won by Zanussi, the company claims that its $60m-worth of ventures in China will make it the leading partner in the development of Peking's "white goods" sector.

The other contracts signed in recent months include a plan to build a compressor plant (capable of producing 1m units e year), e refrigerator plant at Fuzhou (100,000 units a year), and another refrigerator plant et Shenyang (150,000 units a year).

The total refrigerator production capacity of these contracts comes to 400,000 units a year.

Yesterday's new $17m refrigerator contract involves the building of a plant near Peking. The factory is supposed to become operative next September. In eddition, Zanussi is to train Chinese technicians in Italy and will also provide training and spare parts in China.

Credit for Dhaka

The Soviet Union will give Bangladesh credit worth $82m (£74m) to buy equipment for a power station near Dhaka, Reuter reports. The agreement is the first major deal between the two countries since Bangladesh expelled 12 Soviet diplomats in December 1983. The 740 MW power station at Ghorasal, about 30 miles from the capital, will be fully commissioned in 1990.

U.S. phone orders for Ericsson

ERICSSON, the Swedish telecommunications and electronics group, has won several key orders for mobile telephone equipment in the U.S. worth a total Skr 180m (£16m), writes David Brown in Stockholm. The contracts involve turnkey deliveries of cellular telephone systems—which include four AXE digital exchanges and a number of base stations—for the cities of Cincinnati, Columbus and Dayton, in Ohio, Wilmington in Delaware and Long Branch in New Jersey. Ericsson also will construct operating centres and radio towers and manage the equipment installation as part of the agreement. The hardware will be produced at its factories in Sweden it said.

BHP in Japan deal

Broken Hill Proprietary (BHP) has awarded Kobe Steel and C. Itoh of Japan a $50m contract to supply, erect and commission a 2m-tonne-a-year continuous bloom-casting plant at its Newcastle works, Reuter reports from Melbourne. The contract is the largest so far for the $90m project. It also awarded a $13m reheat furnace contract to PEC Salem Engineering (Australia). Both are scheduled for completion in April, 1987.

Railbus for Indonesia

THE JOINTLY-designed and manufactured British Rail-Leyland Railbus has won its first export order with the sale of three three-car railbuses to Indonesia, Kieran Cook writes from Jakarta.

The sale, worth £2.r, has been made under the terms of a British Government aid grant.

British Rail's Engineering managing director, Mr Philip Norman, said in Jakarta thet British Rail could be involved in collaborative projects with Indonesian Railways in the near future, and a joint manufacturing base in the country could be a way of gaining further orders

EEC delays beef row move

By Ivo Dawnay in Brussels

THE EUROPEAN Commission has agreed a further 30-day postponement of its threatened retaliation against Canada's ban on Community beef exports.

The new armistice suggests that top-level bilateral talks between Mr James Kelleher, the Canadian Trade Minister, and senior commission officials may be bearing fruit.

Efforts are now resuming to find an acceptable quote for Canadian beef imports from the EEC that can bridge the wide gap between the 2,700 tonnes imposed by Ottawa and the 23,000 tonnes sold by the Community last year.

Failure to agree will mean the Commission will press ahead with retaliatory measures against Canadian sales to Europe of a number of products including maple syrup and rye whisky.

The EEC has already given notice of these countermeasures under the General Agreement on Tariffs and Trade (Gatt).

A similar row between Canada and the Community over restrictions imposed on EEC shoe exports has been resolved, however, and there are hopes that a compromise can be reached.

Canada imposed its ban on EEC beef sales after those rose from nothing to more than 23,000 tonnes in five years.

UK NEWS

Competitive pressures are reshaping a once staid British industry, Sue Cameron reports

Book publishers turn over a new leaf

THE BRITISH book publishing industry finally appears to be shedding the gentlemanly and distinctly undynamic business image to which it has clung for so long.

In the past month, three publishing businesses have changed hands. Two weeks ago Routledge and Kegan Paul, which was controlled by the Franklin family, was sold to Associated Book Publishers, whose imprints include Methuen and Eyre and Spottiswoode, in a £4.4m deal. At the same time London Weekend Television announced that it was merging its wholly owned subsidiary, Hutchinson, with the privately owned Century Publishing. London Weekend, which is to retain a 25 per cent stake in the new Century Hutchinson company, is to receive £3m in cash and £4m in Century Hutchinson shares.

Last week came the news that Penguin publishing, part of the Pearson group, which publishes the Financial Times, was taking over a substantial part of Thomson Books' business, for an undisclosed sum. The sale of the Thomson Books' imprints is expected to add an extra £25m a year to Penguin's sales. Thomson is part of the International Thomson organisation.

In the book industry – unlike some manufacturing sectors – sheer size does not necessarily confer big advantages. As Mr Peter Mayer, Penguin's chief executive, said this week: "Size can give you some economies of scale but each book still has to sell on its merits. That's why our creative people are so important to us."

Yet skilful marketing is a key element in ensuring profitability in book publishing – and it is one that was long neglected by many companies in the industry. Marketing was certainly an important factor in the methods used by Mr Mayer to turn Penguin round. Mr Mayer, who has spent most of his life in the U.S., came to Penguin in 1978 and since then he has changed a £242,000 loss in 1979 to a £9.1m trading profit in 1985.

"I think the whole industry has become more aggressive," he says. "Before, there was a feeling on the part of many publishers that they knew best what their readers wanted. There is now a drive to get out there and find out what the market wants – and then provide it."

He modestly admits that Penguin "might have been in the lead" in taking a more robust approach to marketing. But he emphasises that that is very much in the Penguin tradition and that when the company was founded in the 1930s one of its main outlets was the Woolworths chain – as opposed to the "learning emporia" favoured by most other book publishers at the time.

Mr Mayer's arrival at Penguin coincided with a thoroughly bad patch for the whole of the UK book publishing industry. In 1980, after a substantial wage settlement, printing costs rose by as much as 20 per cent. At the same time the strong pound ate into export sales.

"After 1980, a lot of companies had to do a lot of things very quickly," recalls Mr Derek Terrington, an analyst at Grieveson Grant, a London stockbroking firm." Collins, for

'I think the whole industry has become more aggressive' – Peter Mayer of Penguin

example, revamped its printing operation, sold off its head office building and improved its overseas selling organisations. Up to then, many publishers had tended to look for a comfortable life. Some of them preferred a good lunch with an interesting author to going out and making money.

"One of the first things Mr Mayer did at Penguin was to heavily prune the backlist – a publisher's list of existing titles as opposed to new ones. A backlist is any publisher's most valuable asset – but it is less valuable if it includes a whole lot of slow moving books.

"The other thing Penguin did was to go very hard on marketing. And that can include a range of different measures from producing more sexy books – literally – to designing new, more attractive covers."

Penguin concentrates on general book publishing which includes fiction. A serious rival to Penguin in that sector is William Collins, which has just completed a five-year plan to improve profitability. Collins's sales last year rose from £105.1m to £126.6m and pre-tax profits increased by 37 per cent from £8.55m to £11.75m.

Hodder and Stoughton is another strong competitor in the general field and Penguin – which has UK sales of £43m and U.S. sales of $37m in 1983, the last year for which figures are available – says it also keeps a wary eye on the Oxford University Press.

OUP publishes some classics and has a strong children's book list – although it is best known for its presence in the more specialised publishing sector, which covers academic, scientific and technical books. The biggest UK company in that area is Longmans, which, like Penguin, is part of the Pearson group.

The total UK market for books in 1982, the last year for which figures are available, was estimated to be worth some £860m at retail prices. Of the total, imported books accounted for only £51m. Around £250m worth of books were bought by institutions, such as universities, colleges and libraries, with the other £610m being accounted for by consumer spending. Sales of hardback books were worth £515m and paperbacks £345m.

The UK publishing industry is also extremely proud of its export sales, which are valued at £276m at publishers' prices. Sales of learned journals, at home and abroad, are thought to be worth an additional £150m a year.

The one area where British books publishers have consistently failed to do well is in the U.S. market. Mr Terrington observed that "most of them tried and they have all got bloody noses." Even Penguin's dynamic Mr Mayer admits that his company has "ups and downs" in the U.S. although he emphasises that the results from America for last year are expected to show a strong improvement.

Up to 1976, UK publishers – and their U.S. counterparts – had enjoyed an extremely cosy arrangement under which they divided up the world market between them. The agreement – known originally as the British Publishers Imperial Agreement and, more latterly, as the British Publishers Traditional Market Agreement – met a sticky end at the hands of the U.S. Justice Department, which brought a successful anti-trust case against it nine years ago.

The agreement split the world into the British sphere of book publishing interests – the UK itself plus the Commonwealth countries – and the American sphere – the U.S. plus places such as the Philippines. (The rest of the world had been an "open" market). UK and U.S. publishers agreed not to trespass on each other's territory and transatlantic marketing deals were done as a matter of course.

The ending of the agreement in 1976 did not prevent individual U.S. and UK publishers from doing

'After 1980 a lot of companies had to do a lot of things very quickly' – Derek Terrington of stockbroker Grieveson Grant

geographical marketing deals on specific books – after free and fair competition. But it did put a stop – perhaps rightly – to the previous system of automatically dividing up world markets. The result was that UK and U.S. publishers had to try far harder in each other's markets – but many of them came unstuck.

From the British point of view, there seems to have been a string of reasons for such lack of success. Although Britons and Americans speak what is nominally the same language, the cultural gap between the two countries is considerable and a book that may appeal to UK readers might easily be a flop in the U.S. – or vice versa.

Second, book retailing in the U.S. seems to be a much slicker operation than in Britain. In America, books tend to be turned over more quickly, remaindered more quickly – and U.S. retailers expect considerably higher margins than some of their more dedicated, tome-loving equivalents in Britain.

Penguin's Mr Mayer is careful to note that "traditional U.S. publishers have not done well over here".

Perhaps there is still a killing to be made for the company – whether British or U.S.-based – that can successfully cross the cultural ocean. Meanwhile, the UK industry is busily defending itself against what the Publishers' Association describes as the "two great pressures of our day": the photocopier at home and piracy abroad.

On the first front, the association set up a licensing agreement with educational institutions that came into force last November. The idea is that the institutions pay a basic fee plus a charge per item copied. The money is then distributed between the publishers whose pages have been copied

Laymen might say that the scheme looks suspiciously like a cheaters' charter. But the association says disarmingly that the system will at least give photocopying personnel peace of mind from a legal point of view. It adds that until the new system has been going for at least a year, there will not be any evidence about cheating – one way or the other.

On the piracy front, the association appears to be having more concrete success – perhaps because it is taking a tougher legal line. What has been happening is that in some parts of the world, certain books have been photocopied – as it were – wholesale and then reprinted. But two months ago an important copyright protection case, brought on behalf of a number of named companies, plus other members of the Publishers Association, was won in Singapore.

The bringing of the case, and the victory that ensued, was perhaps another sign that the once sleepy world of book publishing is slowly coming to terms with the modern business world.

Imports of coal to be resumed by CEGB

By Maurice Samuelson

THE ELECTRICITY industry is planning to resume imports of coal for its power stations in the south east of England now that the handling of the coal is no longer "blacked" by unions because of the miners' dispute.

The first coal is expected to arrive shortly from the Netherlands where, before the strike, the Central Electricity Generating Board (CEGB) had built up a stock of about 3m tonnes, much of it purchased from Australia on a long-term contract.

During the strike, which ended a month ago, the CEGB refrained from moving that coal to England in case the action provoked a confrontation with the seamen's and power-station unions.

Most of the coal was delivered instead to overseas customers of the National Coal Board who were unable to obtain deliveries from Britain.

About 1.9m tonnes are believed to be left in the CEGB's continental stocks. The board is anxious to to start drawing on them in anticipation of next winter, when it hopes to begin with at least 24m tonnes at power stations.

Although the CEGB is negotiating with overseas suppliers about future deliveries, the continental stocks are not likely to return to the high levels of last March. They might be run down to as low as 200,000 tonnes.

Since the Government has decided that it will no longer pay the stocking charges, the CEGB intends to keep them at a lower level.

The CEGB is determined to keep at least some overseas coal in stock as a bargaining counter in its price negotiations with the coal board.

● The CEGB's record for electricity production in England and Wales, which had stood since 1980, was broken four times last winter and reached a high of 46,219 megawatts on February 17.

BASE LENDING RATES

A.B.N. Bank	13 %	Johnson Matthey Bkrs.	13¼%
Allied Irish Bank	13¼%	Knowsley & Co. Ltd.	13¼%
Henry Ansbacher	13¼%	Lloyds Bank	13 %
Amro Bank	13 %	Edward Manson & Co.	14 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	13¼%
Banco de Bilbao	13¼%	Midland Bank	13¼%
Bank Hapoalim	13 %	■ Morgan Grenfell	13 %
BCCI	13¼%	Mount-Credit Corp Ltd	13¼%
Bank of Ireland	13¼%	National Bk. of Kuwait	13¼%
Bank of Cyprus	13 %	National Girobank	13 %
Bank of India	13¼%	National Westminster	13 %
Bank of Scotland	13¼%	Northern Bank Ltd.	13 %
Banque Belge Ltd.	13¼%	Norwich Gen. Trust	13¼%
Barclays Bank	13¼%	People's Trust	14 %
Beneficial Trust Ltd.	14 %	Provincial Trust Ltd.	14 %
Brit. Bank of Mid. East	13 %	R. Raphael & Sons	13 %
■ Brown Shipley	13¼%	P. S. Refson	13¼%
CL Bank Nederland	13¼%	Roxburghe Guarantee	13¼%
Canada Perm'nt Mtge	13 %	Royal Bank of Scotland	13 %
Cayzer Ltd.	13¼%	Royal Trust Co Canada	13 %
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	13 %
■ Charterhouse Japhet	13 %	Standard Chartered	‖13¼%
Choulartons**		TCB	13¼%
Citibank NA	13 %	Trustee Savings Bank	13¼%
Citibank Savings	¶12¾%	United Bank of Kuwait	13 %
Clydesdale Bank	13¼%	United Mizrahi Bank	13 %
C. E. Coates & Co. Ltd.	14 %	Westpac Banking Corp.	13¼%
Comm. Bk. N. East	13 %	Whiteaway Laidlaw	13¼%
Consolidated Credits	13¼%	Williams & Glyn's	13 %
Co-operative Bank	13 %	Wintrust Secs. Ltd.	13¼%
The Cyprus Popular Bk.	13 %	Yorkshire Bank	13 %
Dunbar & Co. Ltd.	13¼%		
Duncan Lawrie	13¼%		
E. T. Trust	14¼%		
Exeter Trust Ltd	13¼%		
First Nat. Fin. Corp.	14¼%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	13 %		
Robert Fraser & Ptns.	14 %		
Grindlays Bank	‡13 %		
■ Guinness Mahon	13 %		
■ Hambros Bank	13¼%		
Heritable & Gen. Trust	13¼%		
■ Hill Samuel	§13¼%		
C. Hoare & Co.	13¼%		
Hongkong & Shanghai	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1 month 10.75%. Fixed rate 12 months £2,500 10.75%, £10,000 12 months 11.00%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
¶ Mortgage base rate.
§ Demand deposits 10¼%.
** See Provincial Trust Ltd.

Commercial vehicle sales rise by 5%

By John Griffiths

THE UK commercial vehicles market continued its slow recovery in the first quarter of this year, with total sales up 4.96 per cent compared with the first quarter of 1984, according to Society of Motor Manufacturers and Traders statistics.

For March alone, sales were up 6.08 per cent, from 29,114 to 32,178, compared with the same month last year.

The best performance, by a substantial margin, was by the utility four-wheel-drive sector, with BL's Land-Rover subsidiary being almost entirely responsible for the sector's first-quarter sales increase of 17.61 per cent, from 3,295 units to 3,882.

Sales of light vans, those derived from cars, did not share in the general uplift. They rose by only 0.62 per cent in the quarter.

Continental Airlines to fly Houston-Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONTINENTAL Airlines of the U.S. has been awarded the route from Houston, Texas, to Gatwick, London, by the U.S. Department of Transportation and plans to start services on April 29. The decision is expected to be ratified by the UK Department of Transport.

Continental, which will use DC-10s on the route, plans to offer "sharply competitive fares." Those are being filed with the U.S. and UK governments and will be announced this week.

The airline's service will replace that of Pan Am, which ceased direct flights on the route in 1982.

The U.S. carrier will compete with British Caledonian, which also serves Gatwick-Houston direct. Houston is Continental's home base serving 37 destinations in the U.S. In all, Continental flies to 72 destinations worldwide, with a fleet of 108 aircraft.

People Express, the low-fare U.S. airline, has increased the number of flights on its Gatwick-Newark (New Jersey) route to offer a daily service each way for the summer season.

The airline says that, throughout its U.S. and international network, it carried more than 2.6m passengers in the first three months of this year, against 1.8m in the same period of 1984.

● Dan-Air, the UK independent airline, is applying for scheduled services from Gatwick to Seville and Santiago in Spain, two important business centres.

The move is part of a build-up of a new network in the Iberian Peninsula. The airline has applied to the UK Civil Aviation Authority for routes to Madrid, Lisbon and Alicante.

Big pay claims for 'equal value' face industry

BY JOHN LLOYD, INDUSTRIAL EDITOR

CASES brought by women claiming often substantial increases in earnings under the "equal value" amendment to the Equal Pay Act are building up – with evidence of high out-of-court settlemeots.

In the banking sector, in particular, officials of the Banking Insurance and Finance Union (Bifu) are studying areas where "equal value" cases can be taken oo behalf of potentially thousands of female employees.

In the nursing profession, the Royal College of Nursing is drawing up job evaluation criteria aimed at showing if and where many of the 10,000 occupational health nurses emplnyed by companies are paid below their jobs' value because of their sex.

Specific cases under consideration by the independent experts appointed by the Advisory Conciliation and Arbitration Service (Acas) – including cases involving female fish packers in Hull, a college house mother in Devon and a female clerk for Mersey Docks and Harbour Board – are likely to be settled in favour of the complainant either in or out of court.

Acas has over 70 applicants who want to bring equal-value cases, with only some half a dozen as yet being considered by the experts.

In a well publicised case settled last December involving Ms Julie Hayward, a cook employed at shipbuilders Cammell Laird, a judgment by a Liverpool industrial tribunal brought a £30 increase in a weekly wage of £98 to take Ms Hayward up to the pay level of a skilled (male) craftsman.

In the printing industry, the print union Sogat 82 has claimed a hreakthrough national agreement, starting this month and worth £10m a year, under which 25,000 women bookhinders and collaters will have pay rises over three years to the level of male machine assistants.

A number of cases are being settled out of court. In one recent case, it is understood that a female visual display unit operator working in the print industry was awarded an increase of at least £100 a week to bring her into lioe with a male typesetter in the same printing company.

Such cases are taken under the equal-value amendment to the Equal Pay Act, reluctantly brought into law by the Government in 1983. The amendment, necessary under a European Commission directive binding on all member states, allows workers – mainly women – to claim increases in their pay if they can prove hefore an industrial trihunal that their work is of equal value to a male worker.

The two jobs compared may be quite different, as in Ms Hayward's case, and the role of the independent expert is central. The expert has the primary fact-finding role in the case and once the report is made it can be challenged only in a very limited way by the employer.

It is no part of the expert's job to consider the "market level" of wages in the company or region concerned

The workings of the amendment and the initial trend of cases run directly counter to the Government's practice and philosophy of allowing wages to find their market level.

Ms Ivy Cameron, a national official of Bifu, said that the secretarial staff in banks – 99 per cent of whom were women – often had data processing and technical skills that would appear to make their work of at least equal value to male technical and services staff – although the latter group earned typically between £1,000 and £2,000 more.

Senior bank officials play down the possibility of large-scale equal-value applications, but concede that some women employees may be able to claim equal value with, for example, messengers whose skills are no greater but whose wages are.

Top-level management shake-up at Dixons

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

DIXONS, the electrical retailer, yesterday announced a series of top-level management changes and internal reorganisation after its acquisition of the Currys chain last December in a deal worth £248m.

All the retail companies within the group are being comhined into an enlarged retail and photo-finishing divisioo to be called Dixons Stores Group. That will comprise Dixons, Currys, Bridgers, Mastercare, Dixons Colour Laboratories, and Dixons Stores Far East.

Mr Mark Souhami, formerly managing director of Dixons, will become chief executive. Mr Eddie Styring, marketing director of Dixons, will become managing director.

Managing director of the Currys retail operation will he Mr Eddie Dyan, previously managing director of Dixons Colour Laboratories.

Dixons, which sells photographic and electrical equipment, acquired the Currys business, which retails consumer durables, such as televisions and washing machines, after a bitterly fought takeover battle.

ROYAL ORDNANCE LIKELY TO BE FLOATED AS PUBLIC COMPANY

Future of arms factories planned

BY LYNTON McLAIN

ROYAL ORDNANCE Factories, the state arms and munitions organisation, is preparing a strategic plan for its future as a quoted public limited company. The organisation is expected to be privatised by the summer or autumn of next year.

The plan is to be put to Mr Michael Heseltine, the Defence Secretary, who is the sole shareholder of Royal Ordnance, before the end of this year. It will include recommendations by Royal Ordnance management and its merchant bank advisers, Lazard Brothers, as to which route they prefer for the injection of private capital into the organisation.

Officials at the Ministry of Defence and management at Royal Ordnance are working on various options for injecting private capital into the organisation.

Royal Ordnance has no plans to close any factories, although the workforce at Puriton, Bridgwater, Somerset, where explosive for ammunition is made, will continue to be adjusted to "the rise and fall in the order book."

It also said the reduction in orders at Bridgwater "is a cause for concern." The workforce of 800 was told yesterday that the factory was not to be closed, but there was no promise by management that there would he no more redundancies.

Royal Ordnance is under a mandate from the Government to ensure that it operates commercially and becomes a viable company in the 18 months or so left before privatisation.

"There are nn specific instructions to Royal Ordnance to streamline its operations or to axe specific factories," the Minister of Defence said.

The Government has said that the "most likely" method of privatising Royal Ordnance is through a flotation of shares, but the separate sale of the four subsidiary divisions, covering ammunition, explosives, small arms and weapons and fighting vehicles is not ruled out.

● The Government bas prepared itself for a possible ruling by the European Court of Human Rights that compensation paid on the nationalisation of shipbuilding and aircraft assets in 1977 was not high enough, Andrew Fisher writes.

The admission that the court could decide that the original compensation was too low was made in a letter from a top legal official of the Department of Trade and Industry to the U.S. Securities and Exchange Commission (SEC).

Change made in FT-Actuaries Share Indices

BY OUR FINANCIAL STAFF

THE FT-Actuaries Share Indices will from today include an ex-dividend (xd) adjustment on all equity indices. That will show an aggregate figure for the accumulated net dividends paid to date by constituent stocks in each group and sub-sector index during the calendar year.

The net dividend declared by a company, interim or final, will be added to the xd adjustment on the day the stock goes "ex-dividend." Thus the adjustment changes on an xd day – at the beginning of each stock exchange account, usually once a fortnight.

One of the most important uses of the FT-Actuaries Indices series is in performance measurement. In particular, portfolios are often matched against the all-embracing All-Share Index with 739 constituent stocks.

The indices as they stand, however, reflect only the performance of a closed fund, such as an investment trust, which distributes all its income. In practice, most funds are open-ended with dividends reinvested.

Until now, those using the indices have had to make their own adjustments for reinvested income, and there are minor inconsistencies between the various measurement services.

The use of the xd adjustment will provide a consistent basis for amending the indices. Pension funds will have to gross-up the adjustment, since it is on a net hasis, allowing for tax at 30 per cent.

When a stock goes xd, its share price falls by an amount roughly equivalent to the net declared dividend, a drop reflected in the index. That can be an important influence in a sector dominated by one stock. In future, such a discontinuity can be smoothed out hy adding back the xd adjustment.

PR Records plans £5.5m plant to make compact discs

BY JASON CRISP

PR RECORDS, a small manufacturer of conventional vinyl audio records, is in the final stages of raising £5.5m to build a plant to make compact discs in Britain.

It will be the second company to make compact discs io the country after Nimbus Records, another small company, which started productioo last year. PR Records is being backed by 3i Ventures and several nther venture capital organisations.

Compact discs were launched twn years ago and are expected eventually to replace conventinnal recnrds. The small, silvery discs are "read" hy a laser beam. The discs dn not wear and the digital sound is claimed to be nf better quality than conventional analogue records.

Mr Phil Race, chief executive nf PR Records, says the company will make discs for data storage as well as audio products. By the end nf the decade that might account for a third of its output. A compact disc can store buge quantities of data and may be used as a database for computers.

Unlike magnetic discs, compact discs cannot be changed once pressed, but they are expected to be used for a variety of applications from transaction records to encyclopaedias.

PR Records' plant will be within 30 miles of Londoo and is expected to start production io May or June next year. The initial capacity will be for 4m discs a year with possible expansion of up to 12m.

The company will be spending £4m on capital equipment, including a full mastering facility from Philips, the Dutch electricals group, which developed compact discs. The new plant is expected initially to employ about 60 people.

A company, Disc Technology, will be set up with £2.25m equity finance from 3i Ventures and other organisations. Disc Technnlogy will own PR Records, which will continue to make conventional lnng-playing records, and Disctec, which will manufacture compact discs. Mr Race will own about 30 per cent of Disc Technnlogy.

The remainder of the finance – just under £3.5m – is expected to be raised through leasing. The final arrangements on financing are not expected to be completed until next month.

PR Records has recruited Mr Jim Johnston, from Thorn EMI, who set up its video disc productinn plant in Swindon, Wiltshire.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Fairey Holdings

In search of flexibility

Martin Dickson on the UK engineering group's efforts to meld a mixture of activities

DEREK KINGSBURY gazes out across the anonymous West London suburban sprawl beyond his office window, and, in a quiet voice that judiciously weighs every word, he pronounces on the difficulties of shaking up British industry.

"A number of my top managers," he says, with a frankness unlikely to endear him to them, "are very competent and able men who just fail to grasp the need to move into new products and markets. It is sad to see people limited by their own very excellent experience and knowledge, trapped so to speak into retreating back into the markets they know. And this problem is a bit of a national disease."

Diagnosis of Britain's industrial ills, and how to solve them, are two a penny. But Kingsbury can speak with more authority than most: he is in the front line.

As chief executive of Fairey Holdings (a sister company to the Financial Times in the Pearson group) he heads a medium-sized company in a sector that has been straining to adapt to the pressures of recession at home, fierce international competition, and a rapidly changing technology which is forcing traditional metal-bashers to learn to love the chip.

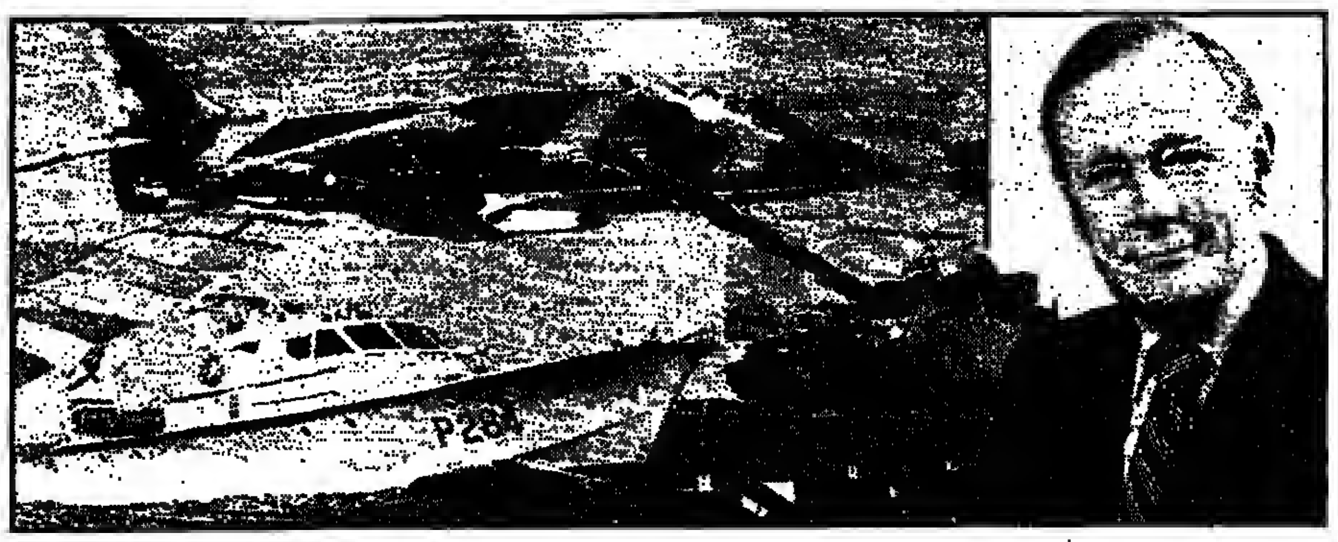
And in the case of Fairey, the problems of adapting have been intensified by a history of controversial ownership changes that sapped company morale.

Kingsbury, 58 and a former deputy chief executive of the Dowty group, was brought in to Fairey two and a-half years ago, not long after the company was acquired by Pearson from the National Enterprise Board. He faced three major challenges: to merge Fairey with Pearson's existing engineering interests; to improve the company's financial performance in the middle of a recession; and to set a long-term growth strategy.

It is still too soon to judge his success, but the early results look good. Financial and productivity statistics are all pointing in the right direction and last week Fairey reported a 37 per cent jump in 1984 pre-tax profits.

It has also been on the acquisition trail, buying 11 businesses over the past two years—albeit small ones—and taking minority stakes in several more.

Above all, perhaps, the company seems to have regained a sense of identity, to know where it wants to go. Derek Kingsbury certainly does. He is a quiet, undemonstrative man, with a tough core. "He's a very good listener," says one line manager, "and he lets you get on with the job. But he's very penetrating when weighing up your business plans and tough when he needs to be."



Derek Kingsbury: devising a strategy for an evolving group best known for aircraft controls, military girder bridges and patrol boats

Improving Fairey's morale after the upheavals of the past decade will have required of him the qualities of a diplomat as much as those of a general.

Between 1977 and 1980 Fairey seemed to be changing hands with as much speed and as little dignity as a package in a game of pass-the-parcel. The collapse of its once mighty aircraft side threw the group into receivership in 1977, whence it found its way into the hands of the National Enterprise Board — which controversially bid for the company under the nose of Trafalgar House.

A change of Government policy towards the NEB saw it sell off Fairey to Pearson for £22m just three years later. Controversy surrounded that deal too, when Fairey plunged to a £2.8m loss instead of the £4m pre-tax profit forecast in advance of the sale.

Pearson already had an engineering division—Doulton—and merging this with Fairey presented its own problems, for the two businesses were very diverse, with not much in common.

Fairey was best known for its power controls for sophisticated aircraft, such as the vertical take-off Harrier; its military girder bridges; petrol boats; and the esoteric art of industrial filtration.

Doulton, as the name suggests, was heavily involved in industrial ceramics: water filters, jet engine cores and electricity insulators, though its interests ranged much more widely than that.

"It is not easy," observes Kingsbury drily, "to evolve a business school strategy for a mixed group of engineering companies."

And the task was complicated by the perception that many of the group's businesses were in traditional products, with limited growth prospects. Fairey wanted to expand into more rapidly growing sectors, such as electronics. So any new management structure would need a degree of flexibility, allowing new purchases to be absorbed easily and logically.

The Kingsbury solution was to group the 26 Doulton and Fairey subsidiaries into five divisions, each bringing together companies which either attacked the same market or had a common marketing approach.

The largest, in terms of turnover, is energy and military engineering, which accounts for about 40 per cent of group sales, with products ranging from military bridges to nuclear power station equipment. Systems and electronics, which includes aircraft hydraulics and industrial robotics, accounts for around 30 per cent of sales, mics 15 per cent, insulators 10 filtration and industrial ceraper cent and marine products 5 per cent.

"The divisional structure makes sense," says one line manager relatively new to the group. "If you're trying to sell products to similar buyers in, say Latin America, it is just plain sensible to pool your resources."

Each company continues to operate as an autonomous unit, but Fairey managers both at head office in Heston, Middlesex, and out in the field say the new structure means tighter controls from the top, particularly financial.

It also gives employees a much clearer idea of the organisation they are working for.

"Every senior recruit wants to feel he understands what the group is about and where he is going," says Kingsbury. "The more diverse you are, the more difficult it is to see that career pattern."

Tighter financial controls have been reflected in the group's improved performance. Pre-tax profits have risen from £6.7m in 1981 on turnover of £117m to £14.07m in 1984 on turnover of £162.6m, despite the impact of the miners' strike on one subsidiary and recession in Nigeria on another.

Return on net assets has gone up from 14.7 per cent to around 25 per cent over the same period — well above those for engineering companies at the metal-bashing end of the sector but below those for the high-tech companies to whose ranks Fairey aspires, such as Plessey and Ferranti.

The improved performance has been helped by tighter controls on overheads and working capital and a degree of rationalisation involving the loss of just 200 jobs out of a total staff of just over 5,000. The group's winches operation has been sold, an exhibitions company went in a management buy-out, and Fairey Marine's three Solent yards were reduced to one.

In weathering the recession, Fairey has had two advantages denied to many British engineering companies. First, although its share of most of its markets is small in international terms (military bridges and flying controls being exceptions), its products tend to be well established in individual niches.

Second, a large proportion of its output is bought by public purses — be it systems controls for military aircraft, patrol boats for coastguards, or insulators for electricity utilities — and this has provided something of a sales safety net.

But while the product mix is a strength now, the traditional nature of many of Fairey's goods could become a source of weakness unless the group innovates. This it is trying to do with both an increased research and development spend, capital investment and the purchase of small high tech companies.

Fairey sees the strongest growth prospects in three areas:

- Filtration. Calls for finer and finer tolerance engineering components are making equal demands for more sophisticated filtration systems to protect the components from fluid impurities.

It is also investing in high performance industrial ceramics — widely regarded as an important engineering material of the future — by establishing a new company, with an initial £2m development programme.

- Control systems. Fairey has long been an important manufacturer of flight controls, but over the past four years it has branched out into the manufacture of industrial robots, both in Britain and in France, where it is the majority partner in the joint venture company Climax Automation.

It is still a very small player in this market, and its UK orders have been hard-won and relatively few, but the company is heartened by a sharp rise in business over the last few months.

- Electronics. Over the past two years Fairey has bought four small electronics companies, two in the U.S. and two in Britain.

In the UK it has also taken minority stakes in two electronics companies and a software house, working on the principle that to buy such businesses outright can be counter-productive; the staff just vanish to set up independently. "This is seed-corn investment," says Kingsbury. "It's like venture capital but better. We don't just throw money at them. We have the knowledge of marketing and finance and can act like an elder brother."

Fairey's electronics ambitions are intimately linked with its plans for the systems division, for the components it produces now—be they robots or flight controls—are merely part of a chain that is ultimately controlled by micro-processors and software.

"It is interesting the number of U.S. companies that have broken into the defence market over here with electronic packages," says Kingsbury. "If they can cross the Atlantic this way, we should be able to do so the other way."

That may be so, but as technologies increasingly interact, Fairey is likely to find itself a minnow in a sea with some extremely large and aggressive fishes. Will it be able to compete? The company thinks so, provided it can identify the right niches.

Management abstracts

Aftermath of the matrix mania. R. A. Pitts and J. D. Daniels in The Columbia Journal of World Business (U.S.A.), Summer 1984 (seven pages)

Notes that over a decade ago the theorists were predicting that multinationals would move to a matrix form of organisation; reports from a recent study that they have done no such thing, and have found that the unitary organisation can be adapted to provide the benefits claimed for the matrix.

Managing contract execution. W. Jonas in Chartered Mechanical Engineer (UK), October 1984 (two pages)

Maintains that the work entailed in contract execution is pure commonsense (even where the period leading up to handing-over the finished item is lengthy), that success depends entirely on thorough initial groundwork; outlines "landmarks" in the process of managing a contract.

Reception areas. C. Gold in Designers' Journal (UK), November 1984 (seven pages)

Dwells on the need to create good first impressions, as typified by companies' reception areas; notes the need for designers and clients to work together to create receptions that introduce companies properly; illustrates five such areas—ranging from IBM's Chiswick offices' "cool modern image" to advertising agency Leagas Delaney's talking point of a reception desk.

The counselling function and its role in effective management. D. K. Carnahan in Creativity & Innovation Network (UK), Oct/Dec 1984 (four pages)

Cites the electronics industry as an example where management has started with a clean slate: managers have encouraged employees with job enrichment and in self-selection of objectives through counselling and conciliation; contrasts this state with the internal struggles of older industries, with traditional management cultures.

Risk assessment in less-developed countries. J. W. Kennedy in The Columbia Journal of World Business (U.S.A.), Summer 1984 (four pages)

Examines how foreign exchange risks from investment in less-developed countries (e.g. South Korea) can be identified and how this can provide opportunities for multinationals to minimise economic exposure and capitalise on new growth.

Cryptography for computer security. W. W. Fisher in Computers and Security (Netherlands), Aug 1984 (five pages)

Gives an introduction to the use of cryptography (defined as the process of writing in secret characters) for computer security; explains what it is and compares it with other security procedures. Offers a guide to deciding when cryptography is appropriate.

Consumerism in an era of decline. J. M. F. Box in European Journal of Marketing (UK), Vol 18 No 4 (11½ pages)

Questions, from U.S. research opinion and a market research survey in the Netherlands, whether consumerism, as a movement, has a future in a decade of probable increasing unemployment and income reduction. Shows how life-cycle theory can be applied to a social movement like consumerism, indicating that—in the U.S. at least—it is probably at the maturity stage, and likely to decline and fragment; concludes, however, that it is likely to be stimulated by technological innovation, social change and more advanced measuring techniques.

Employees Make Performance Review Rules. C. J. Gies in Public Relations Journal (U.S.), October 1984 (3 pages)

Argues that performance appraisal of public relations jobs requires employee involvement in creating performance criteria and rating; describes the introduction of such a system by Anthony M. Franco Inc, explains the appraisal forms and conduct of appraisal meetings; claims low annual investment of time and good results.

Retrenchment and human resource erosion. C. H. Levine in Public Personnel Management (U.S.), Autumn 1984 (15 pages)

Maintains that "decrementalism" (the short-term downward adjustment of budgets across a wide range of categories by which managers cope with the need to retrench), leads to a gradual decline in levels of skill, energy, morale, commitment and health. Managers must therefore develop a strategic approach to revitalising departmental human resources.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

EDITED BY ALAN CANE

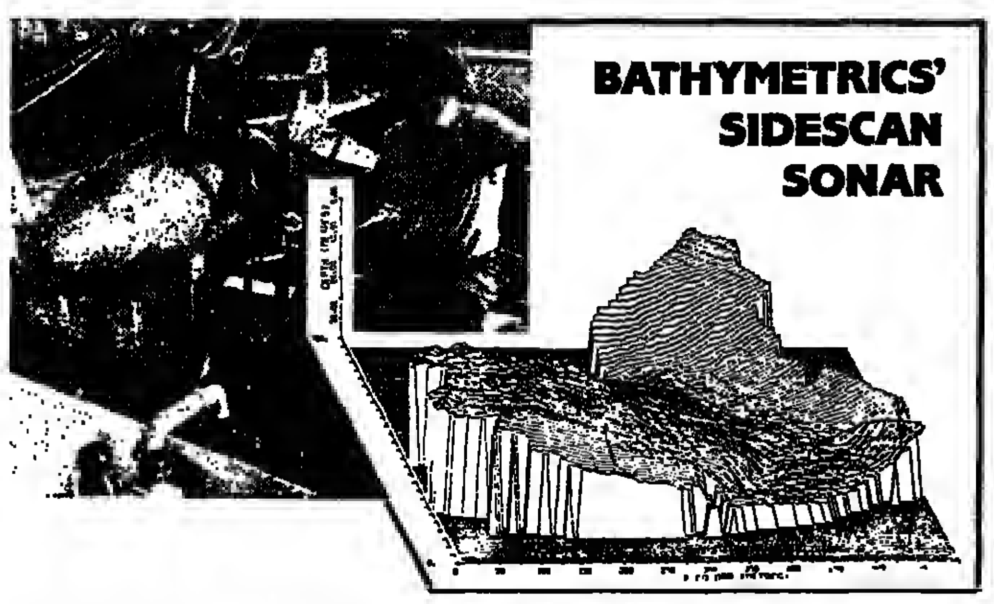
HIGH RESOLUTION SYSTEM FOR MAPPING SHALLOW WATERS

Sidescan sonar senses the seabed

BY DAVID FISHLOCK, SCIENCE EDITOR

BATHYMETRICS IS a high-technology tenant of Bath University, renting laboratory space in the school of electrical engineering, where the technology was born. According to Roger Cloet, the creator, bathymetrics is both "the art of measuring the seabed and an awful pun on the city."

It is the name this infectiously enthusiastic geologist has chosen for a new company the university is encouraging him to launch, to exploit four years of research in its laboratories, as a research fellow funded by a £150,000 grant from the Science and Engineering Research Council and another £34,000 from the British Technology Group, to act the "know-how" on record for licensing purposes.



On the left, a "fish" designed to carry the Bathymetrics transducer array; on the right, an example of what it can produce

The outcome, Cloet claims, is an inexpensive yet high-resolution system for mapping relatively shallow waters in three dimensions. It is quick and convenient enough to be used by any "ship of opportunity," rather than needing a dedicated survey vessel.

Dr Cloet has spent his life surveying the seabed, much of it for the Navy's Hydrographic Survey. He earned a reputation for asking unwelcome questions, such as why Navy charts should be much more detailed near home than for more distant waters. (He says it is simply because of the way the Navy pays its hydrographers — it's cheaper to have them work near home.)

Seabed surveying is always a compromise between the need to find and measure high points and the time available for the survey. Accuracy of the positioning system, so that the surveyor can precisely locate his features, is another constraint.

He is in the final stages of negotiating a licence from the British Technology Group, for a surveying system which BTG believes has features unrivalled commercially at present, notably its application to shallow waters and the speed with which it processes data.

Dr Cloet believes his technique can produce a new kind of map that dramatises the high points so that they are more readily recognised by the map-reader. In addition, his proposed maps will show seabed instabilities—sandwaves and which way they are travelling—something that surveys do not chart today.

The technique is a variant of the sidescan sonar technique under development for the past 20 years, in which Bath University's department of physics has had a long-standing role. It uses a swathe or sheet of ultrasonic energy to image the seabed.

An array of three transducers is used to transmit the sheet of sound from a "fish" or towed vehicle. They provide a narrow beam in azimuth (at right-angles to the fish) and a broad beam in elevation. The high frequency used, 303 kilohertz, gives typically a range of 100 metres at depths of 20-30 metres beneath the fish.

The sound energy is pulsed at a rate of five pulses per second. With a towing speed of 2.5 metres per second—say, 6 knots—the system manages an along-track sampling interval of the order of 50cm. The high frequency of sampling is the clue to success, Cloet says.

By towing the fish close to the seabed, the system avoids degradation of the echo when it passes through layers of water of different temperatures—a phenomenon once used to conceal submarines from sonar.

Fish roll, which has the same effect as an undulating seabed, is corrected electronically in the associated data processing.

The laboratory equipment developed at Bath has been tested in various vessels and situations. Late in 1983, for example, the team borrowed the catamaran *Catfish* owned by Plymouth Polytechnic, an 11.3 metre vessel equipped with an A-frame which allowed the fish to be deployed conveniently over the stern. They used a transponder loaned by Racal to plot their position.

Their final report to the SERC claims that they have been able to "produce seabed surveys of an acceptable standard of accuracy while achieving a significant saving of survey time." They see scope for improving the instrumentation but also for meeting more rigorous specifications.

Above all, Cloet claims, the system seems to cope well in highlighting steep slopes—even vertical cliffs—in the seabed. As he sees it, however, it will need a different approach from the hydrographers, necessitating close collaboration between researchers and users, if the technique is ever to reach those who might best use it.

Bathymetrics denies that it is trying to compete with much more sophisticated survey systems such as Gloria, designed by the Natural Environment Research Council's Institute of Oceanographic Sciences at Wormley, which won a £12m contract from the U.S. Government late last year to survey up to the new 200-mile limit of U.S. territorial waters. Where Gloria is an oceanic system, that of Bathymetrics is essentially aiming at inshore and river surveying.

But it is well-suited to the survey of offshore structures, which its swathe of sound can reach without endangering either vessel or structure by approaching too closely.

Set up late last year, Bathymetrics has only one contract so far, a consultancy from the recently privatised Hydraulics Research Station to investigate North Sea offshore structures. But it has excited interest among the oil companies, including Shell and BP, which are willing to fund demonstration seabed surveys in areas to which they have won concessions.

On behalf of the research council, the British Technology Group has been seeking to licence the technology for manufacture of survey systems. Several British companies have shown interest. Bathymetrics hopes to persuade BTG that, although it is a new and very small company, it will be in the country's best interest to licence the knowhow of the new survey system back to Roger Cloet's team.

Grid cuts screen costs for business portables

Professional Personal Computing

BY LOUISE KEHOE

SOME PEOPLE seem to be able to get away with breaking all the rules. On the personal computer scene, Grid Systems of Mountain View, California, has flouted the trends of the marketplace to establish itself as the only successful maker of high performance portable personal computers.

Grid does not spend millions of dollars on flashy advertising campaigns. In the U.S., the company does not even sell its portable computers through computer retailers, preferring the direct sales approach.

Instead of slick marketing, Grid relies upon state-of-the-art technology to make its products appealing. Bubble memory, electroluminescent displays and a magnesium case have set the Grid "Compass" apart. While most personal computer makers consider price to be a very important factor in positioning their products, Grid has consistently set its prices above those of competitors, claiming that its machines are simply better.

In spite of dire warnings that Grid's market for high performance "lap-top" computers is being invaded by the "Big Boys" of the U.S. and Japanese computer industry, Grid is unperturbed.

Hewlett-Packard Data General Ericsson and Kaypro have all introduced competing products, but even the threat that IBM may soon enter the market does not get Grid's executives flustered.

It remains to be seen, they point out, whether the IBM "Clamshell" (as it is reported to be called) will be a market winner, or whether like the PC portable (suitcase sized) and PC jr the IBM lap-top will fail to live up to expectations.

In a market that has swung violently up and down, Grid has avoided the bumps and turns by keeping to a straight and narrow path. The company has concentrated its sales efforts upon professionals who have a real need for a portable computer.

The rugged design of its original "Compass" appealed particularly to field engineers and others who work in environments where conventional computers could not operate. The superior display and communications capabilities of the Compass have also made it attractive to accounting firms, auditors and financial analysts.

The military has also been enthusiastic about Grid's "ruggedised" version of the Compass. It has been into outer space aboard the Columbia space shuttle and into battle in Granada.

Through the uncertainties of the personal computer market, Grid has progressed steadily. The five-year-old company had sales last year of $35m, up from $22m in 1983.

This year Grid, which is a privately held company, expects to sell $50-60m worth of computers.

Now, however, Grid has reached a crossroads. The company will today announce a new portable computer designed to appeal to the broader market among business personal computer users.

The new "GridCase" is truly IBM compatible, incorporates a battery pack, standard personal computer connection ports, and a single 3.5 inch floppy disk drive.

It will be available with either liquid crystal or plasma display. Options include a built-in 1200 baud modem and plug-in memory chips containing software products such as the MS/DOS operating system. A range of peripherals will also be offered for the GridCase.

Less expensive than Grid's original "Compass," the GridCase is still not cheap. $3,000 buys a basic model with liquid crystal display and 256k of internal memory. For the top of the line model with a full complement of plug-in software and built-in modem and a plasma display the price goes up to around $5,700.

GridCase represents Grid's first offering to the mainstream business market for users who, while they might appreciate the convenience of portability, do not strictly speaking have to have a portable machine.

Most portable computers have not sold well in the U.S. "They have all lacked functions—good displays, communications capabilities or true IBM compatibility," says Roger Higgins, International Sales Director for Grid. A real demand for portable computers exists for a product with the right set of features, Higgins maintains.

The features of GridCase are designed to meet the needs expressed by business users, explains Higgins. "They want removable storage," he says.

So, although Grid remains convinced that bubble memory is the way to go for portable computers that need to be able to withstand the rigours of travel, the GridCase incorporates a standard Sony-built floppy disk drive.

MMS DOS compatibility has been made a high priority in the new product. Although the Compass can run many programs designed for the IBM PC, it is not fully compatible, Grid acknowledges. GridCase, on the other hand, is among the "most compatible" computers on the market.

Compromising performance for cost does not come easily to Grid's design engineers. But the electroluminescent display featured in the Grid Compass is too expensive and power-hungry for many applications, they have acknowledged. GridCase will be available with a choice of three display types, all with 25 lines and 80 columns: a standard liquid crystal display, a back-lit liquid crystal display or a red gas plasma display.

Company founder and director of research and development, John Ellenby predicts that most GridCase sales will, at least initially, be to existing Grid customers. If, however, Grid were to find wider demand for the product, the company is ready to increase production volume. "We have off-shore assembly lined up. We will clearly respond to product demand," Higgins says.

Unlike many Silicon Valley companies—both winners and losers—Grid is not about to "bet the company" on a single product. But as competition mounts in the portable computer market it faces the dilemma of chancing a bold move or risking the possible consequences of an over-cautious strategy.

It recognises that it has a golden opportunity to capitalise upon its lead in the portable personal computer market. But the company is not going to make radical changes.

Data capture

Woolworth's low cost approach

F. W. WOOLWORTH is buying 1200 low cost non-communicating point of sale terminals from Anker Data Systems, Wimbledon, the German-based retail automation company now part of the BTR Group.

The terminals will be used in conjunction with 1000 Telxon hand-held data collection terminals Woolworth bought last year, initially for stock taking purposes.

In an unusual, low cost approach to POS data collection, each Anker unit in a store will at day's end empty its analysed contents via an RS 232 interface into the Telxon unit which is equipped for transmission, via a modem, to Woolworth's ICL mainframes.

Anker is hoping eventually to equip all the stores—a project that would involve 7000 to 800 0terminals and be worth over £5m.

Materials

Automating tableware

THE TRADITIONAL makers of tableware are trying to bring more automation into their business. The UK government has funded a co-operative research programme to the tune of £275,000 for the development of better processing techniques.

For example, areas of research will include a look at development of longer life dies in plastic for tableware, cutting down casting faults for larger items such as in sanitary ware, speeding up the drying of inks and transfers for decorative tableware and producing better colours and printing processes.

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THE ARTS

Othello/Bear Garden

Martin Hoyle

Upstairs at Bankside's Bear Garden Museum, in the little mock-Elizabethan theatre, a new co-operative venture, the Theatre of Imagination, is giving an Othello with seven actors, three beds, two hours and no interval. Initially, one quails as the Lodovico Brothers (a composite duo servicing for minor characters) coter in natty suits (or a warm-up routine of Cockney jokes ("Now here's a funny thing . . ."). But anxiety is quickly allayed by what follows: a cogent and completely engrossing production uniformly well-spoken (that is, not just clear but intelligent), especially by Mark Rylance's fine Iago.

Having had reservations about Mr Rylance as a goody in his RSC days, I conversely half-expected something good from this sleekly Brylcreemed executive whose omnipresent briefcase holds a range of props, like the bottle that nearly undoes Cassio or the Dictaphone on which Iago records his scheming memos.

This Ancient's beaming affability bespeaks a not-quite-convincing bonhomie. We witness his pun on "Moor of this tomorrow" misfire (methinks he doth jest too much), as so often happens with the effortful jokiness of the basically humourless.

No ambiguity about this Iago's motives: a disgusted sexual envy. Speaking of lechery, he trembles and chokes, carried away by rage and scarcely able to finish—for a moment, it seems that the play is to have two epileptic protagonists. He sobs out the warning against jealousy with the bitter sincerity of first-hand knowledge.

Othello stands little chance. David Moylan, and the production, play down the warrior element. He opts for the disjointed rhythms of quietly anguished intensity rather than the trumpeting of a soldier at bay.

At first entry a well-robed North African chieftain, Othello next appears half-naked. As the trap is sprung he regresses to the animal, in only a loin-cloth, a prisoner as much as an observer when penned in by the metallic screen of up-ended bedsteads from which he eavesdrops on Cassio. "The pity of it" is a thin-voiced whimper. Similarly, after Desdemona's death his "Where should Othello go now?" is matter-of-fact, prosaic. His final boast of killing the Turk who insulted Venice makes it plain that this man was promoted wildly out of his depth on the strength of such sporadic, unthinking, violent loyalty.

Mr Moylan's accent is as yet worrying: the precise, slightly precious lilt (of a colonial education?) adds an Anglo-Indian tone. His death is played to an empty stage—does the rapid departure of all the others to leave Othello alone really make sense here?—but it must be said that he held a still house completely, after two intermission-less hours or not.

Not everything works. The company has no director, and some ultimate arbiter might think again over the Thirties' dance-band record to which a male quartet sing the Willow Song while Emilia and Desdemona waltz together (in fact, not half so good as it sounds). Iago pays his henchmen in foil-wrapped chocolate coins, which they solemnly eat; and there are one or two textual variations, besides the expected cuts (Mr Rylance prefers doves to daws when it comes to pecking at his heart, as who wouldn't; and unless my ears bizarrely deceived me, the brace of Cypriot gallants in the drinking scene have become two Gay Gordons).

On the credit side, the affectionate giggling between Othello and his bride (Michele Wade) when she first pleads for Cassio strikes me as absolutely right; and the production is full of small, thoughtful details, sometimes unexpected but always logical, which betray a fresh approach that takes nothing for granted. I'm still doubtful about the comic warm-up: it smacks of the nervous recourse of a company uncertain about its abilities to make the point in a straightforward way. This promising group need have no such doubts.

Pamela/Bloomsbury

Martin Hoyle

"Can you not leave tissues on the coffin, please?" The authentic voice of stage management, long-suffering and faintly threatening, is only one of the conversational threads. We gather that Rex begins his prison sentence on Monday and that half the company are wanted for Coriolanus (can this really be the National?) so parts will have to be read in. Mobile screens, hampers, one period chair and the prompt table, occasional recipient of the SM's chewing gum as he prowls, blasé but intent, round the marked-up acting space—all proclaim a rehearsal of *Pamela*, based on Richardson's novel.

Giles Havergal directs the company Shared Experience in a hugely enjoyable variation on the old backstage chaos joke, already funny when those base mechanicals had a shot at Pyramus. The difference is that here the players who complain, read, smoke, knit and do their stuff, and more, are professionals.

None is more convincing than Sian Thomas, and none funnier in disgruntled hauteur, wide mouth clamped grimly shut in baleful disapproval of costume or role. But the suspicion dawns that this is less a framework than a safety-net, just in case Pamela (remember Pamela? That's what we came to see) fails to come up to scratch.

That it does makes it all the more unfair that the backstage funnies should distract from Richardson's high seriousness. Charon Bourke's dignity when Pamela questions her husband about another woman; the strength of her righteous anger, climaxing in labour pains, are undermined by such peripheral entertainment as Robin Hooper's producer dozing off. Mr Havergal hedges his bets.

Ian Reddington's impassioned and stylish rake, transformed by the love of a good woman, illustrates that the best way of sending up a style is to master it completely. He plays with immaculate seriousness, and makes the most of those fascinating glimpses of sexual paternalism when blithely stating "I forgive you" after an argument, or patronisingly observing "You must bear with me, even when I am in the wrong." The whole company could do Richardson straight, although John Baxter (the SM pressed into all kinds of service) portrays the clergyman with a look of glum virtue and sagging knees.

From Paul Dart's set onwards this is a vastly diverting performance, beautifully acted by everyone. Yet the final result, far from being two for the price of one, is neither one entertaining thing nor the other: as if Mr Havergal and his co-adaptor, Fidelis Morgan, had worked on divergent tasks simultaneously and failed to blend them in production. This grumble registered, the evening is one of cheerful pleasure.

Television/Christopher Dunkley

Meaty morsels in a heavy diet

Right then, book written and delivered to Penguin, so back to the box—and what a pleasure it is. Viewing had to be abandoned almost entirely during the writing of the magnum opus; and since the book turned out to be in many ways a defence of television and an attack on those who watch avidly and then sneer perpetually, the return to the viewing chair was not without trepidation. Could it be that the instinct to be contrary had driven me to extremes, and that television really was as contemptible as so many of the lit. crit. brigade in the heavy Sundays and the serious weeklies (and even some of the daily papers) would have us believe?

Attached to the front of my book manuscript was a New Yorker cartoon by Joseph Farris, showing an American standing in his garden beside a huge domestic satellite-TV dish and saying to his companion: "There isn't a damn thing worth watching anywhere in the world." Practically everyone who saw it laughed, and in such a way as to indicate agreement and sympathy. Yet, the cartoon was put there not as an indication of my own views but to illustrate the widespread habit I wished to attack: the tendency to succumb to temptation and watch indiscriminately, then to blame television for the resultant feelings of guilt.

Nervousness at resuming a heavy diet of television myself was increased by the season: Easter can be one of the worst periods of the year, with the new spring series tailing off and a habit among broadcasters of throwing together a peculiarly unattractive mixture of circuses and supposedly worthy religious programmes.

Sure enough, both have been featured in the past week but, happily, my central belief also has been confirmed: that while there certainly is a vast amount of rubbish on television—as there is in music and print and everything else—there also is a remarkably rich supply of thoughtful, provocative, inventive, revealing, artistic and (thank goodness) entertaining programmes. Each of my first six days back brought at least one notable, even memorable, production. Some nights brought several. Of course, if one switches on the news early in the evening and then stays slumped in front of the set until bedtime, the chances of happening across the best material are 3-1 against; discrimination is as vital with television as with wine or novels.

Consider last Wednesday for example. There was an embarrassingly dreadful comedy on BBC2 about an old-fashioned barber called *Barnet*. There was also *Dallas*, *This Is Your Life* and the first in *Arthur C. Clarke's World Of Strange Powers*, which proved that those of us who thought science programmes could never be

Max Headroom, the world's first computer-generated television presenter

more catchpenny or superficial than *Arthur C. Clarke's Mysterious World* were wrong.

But later in the evening on Channel 4 there was *Beaubourg*: an excellent programme about the Pompidou Centre. By having critics (such as the entire Archigram group) discuss the building while walking round it, and by filming from the inside out and from the outside in, producer/director Denis Postle showed that it really is not that difficult to make interesting programmes about modern architecture.

Next day, Channel 4 again had the most interesting offering: *Max Headroom* was a virtuoso demonstration of the technical skills of Rocky Morton and Anabel Jankel, whose talents so far have mostly gone into commercials and rock videos. This fascinating and bizarre drama, set "20 minutes into the future when television is the only growth industry," was, it seems, what the Americans call a "prequel." Having invented a computer-generated humanoid as the front man for their new C4 rock-video show (the first episode at teatime on Saturday was disappointingly ordinary), they were told the idea was such a good one that they should expand the story line into a proper drama.

The result looked like what you might expect if you locked Jean Luc Godard, Howard Schuman and the Saatchi brothers into an editing suite for a month with lots of modern equipment. But the pleasure came not only from the fact that television's own technology was, for once, being used in an imaginative and expressive way; the plot (screenplay was credited to Steve Roberts) also was topical, quick and funny.

Hero Edison Carter was a video cameraman toting a shoulder-pack instead of a six-shooter, and whose main ammunition was investigative journalism. The high noon showdown occurred when the news editor at Network 23 found the courage of his convictions and switched to Carter live in real time as he faced his own chairman with crucial questions about the blinvert scandal. It is a great shame that the Saturday series is to be just another lot of rock videos instead of more of this, the freshest and most original television drama for ages.

The following day, Friday, brought a number of treats including *Les Enfants Du Paradis* as the climax to BBC2's Carné season; and a repeat of the *Dad's Army* episode in which Cpl Jones's rendering of "Onward Christian Soldiers" drives all Walker's black market pigeons out of the organ loft. But, above all, it brought *To The World's End* on BBC2: a seemingly simple yet, so far as I know, wholly original formula for a documentary by Jonathan Gill. He took a 31 bus from London's Camden Town to the end of its run in World's End, Chelsea, jumping off at various points along the route to meet and listen to people from all sorts of different groups and cultures: Greeks in Camden Town, central Europeans in Swiss Cottage, West Indians in Kilburn and so on. No doubt it was most rewarding for those of us who have used the 31 bus all our lives; but it was, surely, wonderfully refreshing for anybody to have London's cultural diversity presented for once as a pleasure rather than a problem.

Being well into Easter by this time there was, of course, lots of undemanding trivia around, as there was on the next day, Saturday. We were offered a repeat of *Wonder Woman*, a repeat of *Terry And June*, and—most meretricious of all—the plastic American series, *Dynasty*—all on Saturday evening on BBC1. Yet the same channel offered the Rouben Mamoulian version of *Dr Jekyll And Mr Hyde*, with Fredric March giving perhaps the most truly horrific performance ever delivered in a horror movie; and C4 provided the splendid Bette Davis movie *All About Eve*.

However, Saturday's most notable programme was Tony Palmer's account of the life of Handel, *God Rot Tunbridge Wells!* It gained from all Palmer's familiar strengths and enthusiasms: his love of music, women and Italy (a list with which no sane man would argue) and, above all, his meticulous attention to the image on screen. His profligacy with whole set-ups can be almost painful, as with one brief glimpse here of a circular staircase viewed from above, and the three separate under-the-wheels shots of Handel's carriage prior to its capsize.

Some people will, as usual with Palmer's programmes, complain about the liberties he takes with his subjects, from such obvious anachronisms as the horn gramophone to the more problematical question of whether Handel really went to bed with three women at once. Such people will have much preferred BBC2 the following night and Colin Nears' programme about Bach (like Handel born in 1685), *The Cantor of St Thomas's*. Though worthy, wholly unshocking and full of good music—how could any programme about the world's greatest composer be otherwise?—This was slow and even boring at times.

Palmer's programme had a tedious and turgid script that seemed more concerned with the personality of its writer, John Osborne, than its subject. Yet thanks to Palmer's deeply instinctive understanding that art can often be a lie that tells us the truth, *God Rot Tunbridge Wells!* was never boring.

PDQ Bach/Barbican

Antony Thorncroft

There is only one thing worse than musicians taking themselves too seriously, and that is musicians who do not take themselves seriously at all. Peter Schickele, a Falstaffian figure from Iowa, has lived well for 20 years off PDQ Bach, a composer he invented and the subject of his many musical puns, parodies and belly laughs.

PDQ, or rather Schickele writes humorous glosses on famous musical works. The first half of his concert with the LSO at the Barbican on Monday night consisted of the "Howdy" Symphony, with which PDQ welcomed back the musicians after they had performed in Haydn's "Farewell" symphony; and the Royal Firewater Musick, a sozzled interpretation, after Handel.

The problem with such musical extravaganzas is that there is only a limited number of jokes you can play on the theme of conductor and classics. Schickele begins well, arriving on stage via a rope let down from the balcony, and his suede shoes and dishevelled dress suit, shirt hanging out, raise a cheap laugh. He is also actually witty in his podium chat sketching out PDQ's life story.

But when he picks up the baton it is the stock routine of familiar phrases ending in bizarre notes, sudden changes in tempo and volume levels, crude noises, and bizarre instruments. It is amusing that in the work written for Bermuda triangle, this unusual instrument disappears; it is predictable that a dozen LSO musicians should play bottles. But it is also unsettling to have a leading orchestra perform a creditable pastiche of 18th-century music with the knowledge that every few bars it is going to slip on a banana skin.

There is a sizeable PDQ Bach industry, with records and an official biography, and some of the works—especially "Iphigenia in Brooklyn" and "The Abduction of Figaro"—sound fun. Indeed, Schickele is an amusing personality. It is just that making a joke of the classics is searching for humour in an unfunny subject and also, ironically, one that has been milked dry already.

Celebrations in Melbourne

Arthur Jacobs

Australia's famous department store chain, Myer, sets its name on the triumphal arch thrown across St Kilda Road, in Melbourne where the state of Victoria is engaged in celebrating 150 years of continuous settlement (though Victoria as the name of the original colony dates from only 1850). From all over the state, 1,000 choral singers gathered to give patriotic voice: happily for a visitor, that event took place within a period when the Sydney-based Australian Opera was playing its first full season at Melbourne's newly-opened State Theatre.

Assembled in the vast Royal Exhibition Building, which is like some timber-built equivalent of London's Alexandra Palace, the choralists and their accompanying student orchestra did not attempt to evoke the music of 1835. Instead, under the admirably firm conducting of Richard Divall, they gave extracts from a celebratory cantata of 1880 entitled Victoria and composed by a French-born immigrant, Leon Caron. Sub-Sullivan in style, but quite competent in workmanship, it was just the right kind of curiosity to revive.

The most warmly-welcomed item in the programme, however—for which the audience demanded a complete repetition—was Land of Hope and Glory; and here came a surprise, for Mr Divall chose to present the anthem not in the Pomp and Circumstance version so familiar at the last night of the Proms (where the audience's participation is a musical mess) but in Elgar's own vocal arrangement as the finale of his Coronation Ode (1902). The Proms should adopt this alternative forthwith, not least because the words avoid the embarrassment of "wider still and wider shall thy bounds be set." On this occasion, there was a notable young mezzo-soprano soloist, Suzanne Johnston.

Though ruined architecturally by a lattice-work metal tower, dubbed locally "the hair-net," the new State Theatre is a major acquisition for Melbourne. The entire auditorium, from orchestra pit to balcony, is underground, with escalators connecting the different levels. Excellent acoustics (I heard one performance from the stalls, another from the circle) have been achieved. The Australian opera was accommodated happily, and must wish its financial problems could be solved as readily as its artistic ones. It now faces a deficit of A$1.3m (about £720,000) amid discussions of its possible break-up or drastic curtailment.

It presents some performances in the original foreign language, with surtitles flashing a visual English translation, and others sung in English — but also with supertitles. I find it difficult to imagine a greater insult to the capabilities of the singers and the attentive power of the audience. It was particularly regrettable with the company's powerful performance of Poulenc's *The Dialogues of the Carmelites*, in which Rosamund Illing as Blanche (the nun who voluntarily joins her sisters for execution by the French revolutionary guillotine) and Geoffrey Chard as her father showed splendid enunciation combined with vocal resource and sense of character.

Mr Chard, Rosina Raisbeck (First Prioress, a role taken in Sydney performances by Joan Sutherland), and Heather Begg (Mother Marie of the Incarnation) exemplify the company's strength in calling on older artists from Australia (or, in Miss Begg's case, New Zealand) who have already established their reputations in Britain or elsewhere. By contrast, Anne-Maree McDonald, whose portrayal of Sister Constance was touchingly eloquent though not quite musically settled, is a newcomer to watch. The production by Elijah Moshinsky, himself Australian, delivered the action clearly in John Bury's economical, effective scenery and David Kram was the understanding conductor.

Impressionists/Venice

Phoebe Tait

Just when you thought you had seen all of the major impressionist and post-impressionist exhibitions which the museums of Europe and the U.S. have to offer, the Russians come along with a storehouse of masterpieces of their own.

In Venice, at the Ala Napoleonica (in St Mark's Square), 42 works by Cezanne, Monet, Renoir, Gaugin, Van Gogh, Matisse and Picasso are on show. Nearly half of these masterpieces have not been seen in the West since they were acquired by two notable Russian collectors — Serghej Sculdn and Ivan Morozov — around the turn of the century. The showing of these collections, on loan from the Hermitage in Leningrad and the Pushkin Museum in Moscow, is seen by the organisers of the exhibition as a political tour de force as well as a cultural one.

The Soviet Union's Ministry of Culture, having liberalised its policy on "degenerate" art as well as its policy of exchanges with the West, has collaborated with the city authorities of Venice and Rome to ensure a successful run in Italy. The Russian participation is apparent from the design of the show to security, if the burly Russian guards lurking near the mountings are anything to judge by.

Quite apart from the Soviet Union's obvious desire for political kudos, the exhibition provides a unique opportunity for scholars and art enthusiasts to view some striking works.

Of the 11 canvasses on show by Cezanne, six appeared at the celebrated Lugano exhibition in 1983. Among those that have not been seen in the West this century are some important representative pieces, all in superb condition, although displayed under rather poor lighting. *The Smoker*, circa 1895, for example, is one of a series of single figure studies which Cezanne completed while working in Aix during the 1890s. This example of a traditional figurative subject, the personification of repose, was interpreted by Cezanne with a clarity which has now become associated with his renderings of the massive and immobile rock structures of the Aix landscape. *The Smoker* represents the startling break from the dainty forms of the artist's predecessors.

Matisse's bold blue and pink *Dance Around Nasturtiums* (1912) is a delightful example of the artist at his most graceful and in his most easy manner. Of Picasso's five canvasses the *Portrait of Vollard* (1909-1910) is perhaps the most interesting in a historical sense as it was painted during the period in which Picasso was forming the ideas which would later be manifest in analytical cubism. This work is also generally regarded as the most important of the many portraits of the Parisian dealer, Ambroise Vollard (1865-1939).

The joy of this exhibition (which runs in Venice until April 14 and then moves to the Capitoline in Rome from April 23 to June 10) is that each of the 42 works is representative of the artists' highest standards of excellence.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 5-11

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Strange Interlude (Nederlander): Glenda Jackson carries on an appreciated tradition of bringing American classics to New York from London in this marathon production in which director Keith Hack wisely makes the asides an integral part of the conversation. Limited engagement ends May 5. (921 8000).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the exuberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

Henry IV, Part I (Eisenhower): The first production of Peter Sellars' tenure as director of the American National Theatre Company is bound to be interesting, if not controversial. (254 3670).

TOKYO

Love Call (The Japanese version of Bells are Ringing), a musical comedy set in New York starring Akiri Fuse and Ran Ootori, Japan's most professional musical star. Geijutsuza, Yurakucho (591 7633).

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Mysteries (Cottesloe): Best if possible to see all three (The Nativity, The Passion and Doomsday) on one of the last remaining Saturdays (March 30, April 6, 13, 20). Thrilling contemporary reappraisal of the York and Wakefield cycles in Tony Harrison's muscular version and the acting of Bill Bryden's tough, endearing and resourceful NT company. (928 2252).

Tom and Viv (Royal Court): Michael Hastings's contentious but enthralling play about T.S. Eliot's first marriage returns after New York success. Edward Hermann a welcome visitor alongside the eloquently repressed vitality of Julie Covington as poor Viv. (730 1745).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

The Road to Mecca (Lyttelton): New Athol Fugard play about a desert dwelling bohemian eccentric, ostracised by neighbours and clergy, who strikes up friendship with Cape Town teacher. Yvonne Bryceland and Charlotte Cornwell give tremendous performances, but the evening is slow to catch fire and, frankly, not a patch on those early Fugard anti-apartheid explosions. (928 2252).

NETHERLANDS

Amsterdam, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (259 495).

Amsterdam, Carre Theatre. The Mummenschanz group from Switzerland in a programme of masked mime combining humour and fantasy. (Tue and Wed). (225 225).

Saleroom/Antony Thorncroft

Old enemies are united

Before the advent of Hitler and Stalin, it was quite common to admire, and even try to emulate, Great Man. Carlyle made it historically acceptable, and there were enough great man around in the 19th century, many manifestly doing good, to take as an example.

Calvin Bullock, the American financier who founded the international investment firm that bears his name, was an enthusiastic fan of both Napoleon and Nelson, and he had the money to indulge his passion. He assembled one of the greatest collections of memorabilia about the two enemies; and on May 8 in London Christies is selling what has been for years a hidden collection in a comprehensive all-day auction.

The range of items is tremendous, on the one hand there is the library of the Empress Marie-Louise, bound in red morocco and stamped in gold with her initials on all 540 volumes, which might fetch £30,000, and, on the other, a stone slab from the Bastille.

Some of the furniture is interesting in itself apart from its associations. One example is an Empire thuya wood writing box which belonged to Jerome Napoleon, King of Westphalia, of which all the items are made of gold, silver gilt, mother of pearl and ebony, and which is signed by Matlin Guillaume Biennais. Others will be sought because of their associations — Napoleon's chair on St Helena; a George IV occasional table made from the willow growing over Napoleon's tomb; a rum barrel from HMS Victory.

The paintings include "Les adieux de Fontainbleau," by Vernet; an enormous "Battle of Austerlitz," commissioned by Napoleon from Baron Gerard; and "Emma (Hamilton), as Cassandra," by George Romney.

As well as Marie Louise's library there are books for sale from Napoleon's "Bibliotheque portative," as well as the box that carried them. The books include two of his personal bibles. There are letters by Napoleon to Marie-Therese; letters by her; one by Blucher relating the events of Waterloo; and Charlotte Corday's last letter before her execution. Letters by Nelson to Lady Hamilton, including his last, also are included.

An Empire snuff box in gold with a miniature of Napoleon by Isabey should fetch a high sum, as should an Austrian "Order of the Crown" which Napoleon wore during the Hundred Days. Among the less grand objects is a Royal Navy red ensign mounted in a glazed oak frame, with a plaque that reads: "This flag covered the body of Nelson in the cockpit of HMS Victory at Trafalgar."

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Wages and competition

ONE OF THE remarkable features of the U.S. economic recovery has been the moderation of wage increases. Sharp falls in unemployment have not produced the expected return of inflationary wage pressures. In the UK, by contrast, where unemployment has not declined, the average increase in earnings has remained obstinately high.

A recent study of wage policy and employee relations by the Conference Board in New York concludes that in the U.S. there has been a shift away from imitative or "going rate" wage-setting and a greater emphasis on what each company can afford in the light of the competitive situation facing it. At the same time companies have been developing innovative approaches to production and payment systems in order to involve their employees more directly in the success of the business.

Increasing rigidity

The study refers to the increasing rigidity of U.S. wages during the 1970s. It seemed that higher and higher unemployment would be needed to reduce wage inflation. This was confirmed by the 1981-82 recession, when unemployment rose to the highest level since the 1930s and average increases in earnings dropped. But why did the rise in earnings continue to decline in the subsequent two years?

The exceptional severity of the recession had forced companies to rethink their approach to wage bargaining. As in the UK, they were able to take advantage of weakened trade unions to renegotiate wage and manning agreements in the pursuit of drastic cost reductions; the alternative in many cases was bankruptcy. The fact that the drive for lower costs continued after the recovery had set in is explained by the intensity of competition.

Some of it came from overseas, stimulated by the strong dollar. Another factor was the growth of non-union competition within the U.S. In the airlines and inter-state trucking, for example, de-regulation lowered the barriers for new, often non-unionised, competitors. Similarly the break-up of industry-wide wage bargaining in steel—a notorious case of excessive wage costs in the past—was partly due to the growth over the previous decade of a non-union source of competition, the mini-mills.

The Conference Board comments: "Bargaining power has been greatly altered as a result of the growth of non-union competition within the U.S. and competition in the form of low-cost, high-quality imports from abroad. Management's power to administer prices has faded. With this decline in the market power of their employers, unions' ability to affect wage levels within their industries has declined."

A company's wage objectives are increasingly determined by internal factors, not by what the rest of the industry is doing. The labour relations department, the study suggests, is not judged in terms of its ability to avoid conflict with the unions, but by its success in cutting labour costs.

With this hard-nosed attitude to costs has come a move by chief executives to adopt new techniques, sometimes borrowed from the Japanese, for involving their employees in the search for greater efficiency and higher quality.

If U.S. companies are to match the standards of excellence set by world-class competitors, as an article in the current Harvard Business Review puts it, they need a level of performance which "requires the deep commitment, not merely the obedience—if you could obtain it—of workers."

Two lessons

There are two lessons here for Britain. One is that wage-setting habits are changed, not by exhortation, but by changes in the business environment. The UK Government can and should do a great deal more to stimulate competition, to reduce barriers to entry, to remove explicit or hidden protection against imports and to support the European Commission's moves to unify the internal market. A more radical approach to industrial structure is required than the privatisation of existing monopolies.

A second lesson is the need for employers, instead of crowing over the weakness of unions, to set up new systems of management that will enable them to keep labour costs under control and to secure a whole-hearted commitment from their employees to improved business performance.

A new look in East Europe

SIR GEOFFREY HOWE is a man of method. Having made trips to Hungary in 1983, the Soviet Union in 1984 and to Romania and Bulgaria earlier this year, the British Foreign Secretary is completing his list of calls in Eastern Europe with a swing through East Germany, Czechoslovakia and Poland this week.

Is there merit in all this jetting-around, apart from giving Sir Geoffrey a footnote in the history books as the first Foreign Secretary to visit all seven Warsaw Pact countries during his tenure of office and also the first ever to visit East Germany and Bulgaria? Is it more than a dialogue with the ideologically deaf? If diplomatic contacts between Eastern and Western Europe served a purpose in 1983-84, when the superpowers were not on speaking terms, have they not exhausted their utility now Washington and Moscow are back at the negotiating table?

Such questions are inspired by a perfectly proper degree of scepticism. But there are equally proper answers. It is important to Western European countries that Eastern Europe should hear their views direct, without being relayed and often distorted by Moscow and, occasionally, by Washington. The two parts of Europe have a common cultural heritage and even today retain common interests, such as trade, which the superpowers do not share to the same degree. Of course, airing distinctive British or other Western European views carries the risk of offering the more solid front of the Warsaw Pact wedges to drive into Nato.

For instance, in the Eastern European capitals Sir Geoffrey is finding interest keen almost to the point of being unwelcome in his recent critique of the Reagan administration's Star Wars initiative. While raising some legitimate questions about the longer-term future of that initiative, he must be careful not to undermine the U.S. negotiating position in Geneva. In that manner some good may be done. It cannot be a bad thing for East Europeans to see other Europeans using their faculties of independent judgment while remaining loyal to their alliance.

The Foreign Secretary might perhaps share some of his hosts' concern about the more heated words from the right-wing fringe in West Germany. But close allies of West Germany, such as Britain, can attest to the fact that the Federal Republic of today simply does not match the revanchist image painted in the East. If Sir Geoffrey wished to reinforce the point undiplomatically, he could recall that the only German soldiers to have taken part in any invasion since the Second World War were East Germans in the Warsaw Pact's march into Czechoslovakia in 1968.

Treating each East European country seriously and separately—as Sir Geoffrey is doing—reinforces that country's sense of national identity. A long historical process is in train whereby these national identities are slowly re-emerging within the Soviet bloc.

That process is uneven. National interests show themselves far more in economic affairs (in Comecon) than in military affairs (in the Warsaw Pact). The process can be reversed temporarily by Soviet force. It cannot be accelerated by the West without incurring Soviet wrath and making matters worse.

Pluralism

Equally, this naturally growing differentiation within the Soviet bloc should not be artificially impeded by the West lumping all Eastern European countries together. That is why the West should help those Eastern European countries that want to forge more links with the outside world, for instance by joining the International Monetary Fund as Romania and Hungary have done.

Trickiest of all, the West has an interest in reaching out, beyond governments, to the Eastern European peoples. It is interesting and consistent with the current religious revival in Eastern Europe that the churches are coming to represent the nearest thing to a "loyal opposition" that the authorities will allow Western ministers to meet. Sir Geoffrey has met East German churchmen and will meet others in both Poland and Czechoslovakia this week, as well as, perhaps, playing diplomatic "touch tag" with representatives of Solidarity. Pluralism within individual countries as well as among them needs to be reckoned with in Eastern European affairs. Sir Geoffrey's trip recognises that.

VIETNAM TEN YEARS ON

The ravages of war . . . and Ho Chi Minh City today. The advertised films are no longer American

Why Hanoi is in danger of losing the peace

By Chris Sherwell, South East Asia Correspondent

IN THE chilly overcast days of March, a bleak sense of drabness, discipline and deprivation overwhelms all of Hanoi's natural charm. Houses are unheated and lack adequate plumbing or sanitation. Accumulated dirt and grime make rats a problem. Power cuts are regular, and weak street lights and kerosene lamps create a Dickensian atmosphere. Some people sleep rough, even outside the main hotel.

By contrast, Ho Chi Minh City — formerly Saigon — lacks Hanoi's swampy humidity and oppressive extremes. People are better off, more fashionably dressed and more accustomed to speaking to foreigners. There are more consumer goods, more vehicles (especially motorcycles, which can be owned privately), even some traffic lights. Its population, at 3.5m, is well over double Hanoi's.

But microphones blare propaganda in the streets, and as in Hanoi suspicious behaviour is likely to be reported. Destitute Amerasian youths—children of liaisons between Vietnamese women and U.S. servicemen—beg money or help from foreigners and, for many people, making ends meet is as much of a bustle as it was 10 years ago. Unemployment is high.

Ten years after defeating the U.S.-backed regime in the south, Communist Vietnam is in deep trouble. A government which in 1975 won world respect after successfully fighting 30 years for independence and reunification is in danger of losing the peace—perhaps without even realising it.

The catalogue of ailments is lengthy. The country's 60m people remain among the poorest in the world, with an estimated per capita annual income of no more than U.S.$180. The Government cannot pay its $6bn external debt, inflation (55 per cent in 1983) remains high, the currency is rapidly losing all value and the black market is thriving.

Vietnam has been isolated by the West since its 1978 invasion of neighbouring Kampuchea, and is now heavily dependent on hand-outs from Moscow. It has fallen out with China, its strongest supporter in the war years, and with its neighbours, who fear its expansionist aims in South East Asia. Its 1.3m-strong army—the third largest standing army in the world—is still bogged down fighting in Kampuchea and in defending the northern border.

At home, at least 10,000 Vietnamese with suspect loyalties are held in so-called "re-education camps." Tens of thousands more want to leave the country altogether, joining hundreds of thousands who have already gone to the West in what must be a colossal drain of skills as well as a verdict on the Government. Another 50,000-60,000 Vietnamese are guest-workers in the East Bloc.

Reunification meanwhile remains little more than a formality. The stark contrast between the austere, orthodox north and the brash, free-wheeling south underlines persistent strains between the two which are reflected even within the ruling Communist Party. Yet the same, unbending men remain in ultimate charge, and the succession is as uncertain as ever.

For such a beautiful country and such charming people, it all adds up to a sad picture of stagnation. Travelling to Hanoi, the capital, is like going back 30 or 40 years. Dilapidated ochre-coloured stucco buildings dating from French colonial times stand crumbling alongside dusty streets clogged with bicycles and carts. A few old lorries and black Russian Volga saloons, honking endlessly to get through, disrupt the eery quiet.

Vietnamese officials like to point to outside events to help explain the country's difficulties. The Peking-backed Pol Pot regime's actions in Kampuchea gave Vietnam no option but to invade, they say, and China, which attacked Vietnam in retaliation in 1979, should be seen as a traditional enemy which has long sought to keep Vietnam subservient.

They allege that the U.S., China and Thailand have backed other attempts at subversion, adding that the trial of 21 people in Ho Chi Minh City in December, which led to the execution of at least three for plotting to overthrow the Government, will be followed by more court actions. According to one senior Western diplomat, there are indeed armed opposition elements and disaffected people, but no organised movement.

On the economic front, the Vietnamese say natural disasters, including typhoons and drought, have delayed the achievement of self-sufficiency in food production, while major investments in power plant and in ports, railways and roads will not bear fruit until the 1990s.

Yet the truth is that the Government, as it acknowledges, lacked experience of peacetime economic management in 1975, and set over-ambitious targets to achieve socialism through a Soviet-style emphasis on heavy industry. By 1979-80 it was forced to adapt its policies or face still worse trouble.

Even now, full and sustained self-sufficiency in food is some way off, despite assertions to the contrary in 1983. The 1984 target of 18m tonnes of paddy and paddy equivalent, had it been achieved, would have provided little more than 1,800 calories a day per head, low by international standards. A substantial rise in output above this target will still require improved irrigation and more fertiliser in the Mekong Delta region.

Last year's 17.3m tonnes was nevertheless a record, and compares with the dark days of the late 1970s, when food output was stuck at around 11.5m tonnes. After lengthy debates in the Communist Party economic incentives were offered to peasant farmers and co-operatives under which surpluses could be sold at higher than government-fixed prices.

These were the principal reason for the improvement, though they amount to a softening of the drive for socialism.

The reforms have also been applied to state trading and industrial enterprises, achieving comparable gains in output. But the wrangles between hard-liners and reformers have persisted. In 1983 the Government suddenly stepped in to take direct control of the export of 25 key commodities and bring Ho Chi Minh City's district trading companies under one umbrella after the city's trade with the outside world had almost trebled in two years. The new arrangement has been nowhere near as successful.

The most visible current sign of deterioration is the value—or lack of it—of the local currency, the dong. Officially there are just under 12 to the U.S. dollar. Different rates apply for Westerners, East Bloc visitors and other purposes. On the black market there is another rate again—around 370.

> Self-sufficiency in food is some way off, in spite of assertions to the contrary

The range reflects the existence of Vietnam's two economies. One is an official planned economy in which there are fixed, subsidised prices controlled by the state but inevitable inefficiencies and shortages. The other is a parallel free economy where prices and exchange rates are vastly different but commodities are at least available in bustling street markets, tolerated—nowadays even taken over—by the state.

In Vietnam it is no surprise to learn that a woman cleaner earning 200 dong a month in her official employment needs a second private job to survive which pays 100 dong an hour.

Another important sign of weakness is the tiny size of Vietnam's foreign exchange reserves, put at little more than $16m. A quarter of Vietnam's $6bn foreign debt is to Western countries. Vietnam must be one of the few countries in the world to thumb its nose over repayments to the IMF.

This does not mean Western countries are not dealing with Vietnam. Japan, Singapore, Hong Kong, Thailand, France and Australia all have significant trading links, but the terms are mostly cash or barter and the scale is miniscule compared to East Bloc trade.

Vietnam's major non-communist aid donors are Sweden and the United Nations. The UN's programme is its fourth largest in the world after India, Indonesia and China. Even sympathetic countries such as Denmark and the Netherlands have become disenchanted. But some Western diplomats, seeing Vietnam's need and potential, argue strongly that bilateral aid should be resumed and trade encouraged, if only to prevent Vietnam slipping further into the arms of the Soviet Union.

Already the number of Soviet experts in Vietnam is put at 5,000, while the Soviet military presence seems to be growing. The use of Da Nang air force base, Cam Ranh Bay naval base and Tan Son Nhut airport in Ho Chi Minh City gives the Soviet Union easy access to South-East Asia, the Indian Ocean and major sea lanes linking Japan and the Gulf.

Soviet aid, put at above $1bn a year, includes military weapons and equipment and helps to relieve the burden for Hanoi of maintaining its large army, although the cost is less than it seems because the forces are also used for development projects. Moscow also supplies about 1.6m tonnes of oil a year.

While the relationship is presumed to be secure, there are reports of dissatisfaction on both sides. But the more intriguing question is whether the elevation of Mr Mikhail Gorbachev and hints of Soviet-Chinese rapprochement inject any flexibility into a regional situation fundamentally stalemated by Sino-Vietnamese distrust.

Developments in Kampuchea will be crucial here. Vietnam has won important victories in this year's dry season offensive against Chinese and Western-backed rebels opposed to the regime in Phnom Penh. Peking, despite threats of a "second lesson," has stayed its hand. But guirrilla warfare seems certain to continue with both sides believing time is on their side.

Some argue that major changes must await the departure of Le Duan, the party chief, Pham Van Dong, the Prime Minister, and President Truong Chinh, all of whom are in their 70s. But the next generation could be even less worldly and open-minded than the current leadership. Short of a major upheaval, the ultimate objective of a fully socialist economy, and perhaps even an Indochina federation, will remain intact.

For the Vietnamese people who fought for independence and reunification, and especially those in the south, all this may come as a bitter disappointment. In 1960 the National Liberation Front of South Vietnam committed itself to ending the foreign military presence in the country, promised to uphold the rights of assembly, speech and movement and abolish detention camps and said it would build a "peaceful, neutral and prosperous economy." None of this has been achieved, leaving some committed southerners disillusioned.

On the other hand, Vietnam is not just any developing country. There is little starvation or illiteracy, little armed crime or visible shirking of work. There may be pilfering, corruption, malnutrition and ignorance of the outside world but the Vietnamese are an ambitious, nationalist people whose remarkable resources have been tapped by extreme governments for war rather than peace and who can probably go on as they have indefinitely. The problem is that, even if this changes, Vietnam, lying in one of the world's fastest-growing regions, will find itself far behind the neighbours once called "dominoes"—mightier perhaps but a lot poorer.

Men and Matters

Clarke prefers quiet bangs

In spite of rumours that the sale of the Royal Ordnance factories (expected to raise £350m or so) will be sooner rather than later the Government yesterday was sticking to its timetable — promising that privatisation will not be unleashed upon this public sector before next year.

Information about the tantalising sale of the future is hard to get. And what scraps can be garnered are coming from Whitehall and Government sources.

The man resolutely steering the factories towards private ownership, Fred Clarke, chairman and chief executive of ROF since 1982, is putting up a good performance as a Trappist monk over the matter.

He is refusing to answer questions or to be interviewed while pressing ahead with his remit set by the then Defence Secretary John Nott, three years ago, that he would be responsible "for planning and supervising the development of the ROFs into a free-standing commercial organisation."

Clarke, aged 56, a science graduate of Durham university, and a former schoolmaster, spent his business career with IBM, becoming general manager of IBM UK before taking over at ROF.

One of the few outward signs of his influence upon the arms factories has been the adoption of a quieter image in publicity about their activities. The Big Bang style, when they used to mention guns, bullets and munitions freely in print, have given way to quiet, coded references to "defence systems and components."

In the ROF these days even a simple rifle has become "a weapons system."

"You wait until Mr Gummer hears about this"

Thrusting lady

BRITAIN has so far played only a minor role in the French-dominated development of Western Europe's Ariane rocket — but a British lawyer still intends to give a vital lift to the space vehicle by building up maximum thrust in the market place.

Diana Josephson, a graduate of Oxford, has just been made director of U.S. marketing operations for Arianespace, the Paris-based company that is selling the rocket.

Ariane is in head-on competition with the U.S. space shuttle as a vehicle for taking satellites into the most popular orbit for *communications* craft, some 36 000 km above our heads.

Trying to wean American telecommunications companies away from putting their orders with the shuttle holds no fears for Josephson. She cut her teeth in legal arguments in U.S. courtrooms and later went to work for the American Civil Liberties Union.

She was employed by federal government agencies before taking charge of Space America, a company in Washington DC that is attempting to drum up finance for a private enterprise satellite system for land mapping.

Josephson says that even though she gave up practising law 17 years ago, her legal background is useful in dealing with abstrusse policy documents from government bodies such as the Federal Communications Commission.

Eau dear!

Roy Watts, the ambitious chairman of Thames Water, has always said that the main point behind his drive for privatisation of the water industry is consideration of the customer. Equally, he has made no secret of the fact that the man he has to convince of the wisdom of his case is Ian Gow, minister of state at the Department of the Environment.

What, though, if there are those at the DoE who are less than appreciative of the product piped by Thames? What, in fact, when the decision maker is also a customer?

I ask this only because of a curious tale in the current issue of the house journal of the Environment and Transport departments. It seems that in the DoE discerning civil servants obtain water for their tea from the second floor, eschewing that which issues from taps on the floors above. The reason is a bit of a mystery — though there is some suggestion of aeration in the upper reaches cause by hydraulic pumping.

What may stick in Mr Watts's throat, however, is the comment of Roger Baker, office services manager at the department. "For my money," he says, "there's no difference in the taste. It's awful wherever you get it from in the building. In fact, all the water in the whole city is disgusting."

In the light of this withering comment, who now would bet on a flotation for Thames?

European style

Lee Cooper, the truly European jeans maker—no American connection and a London stock exchange listing—has chosen an equally representative finance director in Willi Mussman, aged 45.

Mussman is German-born, from Hanover. He studied and graduated at the Paris Business School, married a French wife, has worked in France ever since, and is now spending part of each working week in London.

Lee Cooper, turnover £90m, is still one of the biggest of the non-U.S. jeans makers but, says Mussman, is now diversifying fast into other leisurewear lines inclding trousers, skirts, and accessories.

Mussman started his working life in banks and financial establishments in Hanover, Zurich and Paris. He went on to become manager of Bahlsen France, biscuit makers, and is still on the board of that company. He joined the Bongrain Group, a leading firm in the European cheese industry, in 1975 as financial director, and later became deputy managing director.

He will divide his time between the Lee Cooper headquarters in Paris and the firm's London office.

Table cornered

How do you bag one of the best restaurant tables in London? Tim Bell, confidant of Margaret Thatcher and Ian MacGregor, and chief executive of ad agency Lowe Howard-Spink Campbell-Ewald, did it by doing what came naturally.

As a regular at Soho's L'Etoile restaurant in his Saatchi days, he was approached by the owners one day to help write an ad for American Express—in no more than 26 words.

"To sit at the corner table in L'Etoile is to enjoy the heights of lunchtime eating. To sit elsewhere is nearly as good," Bell penned. The corner table has been his ever since.

Observer

Auditors and the law

Accountants face a double indemnity

By Lionel Barber

THERE IS an unspoken gentleman's agreement between the accountancy profession and the insurance market when it comes to talking about indemnity rates: no figures, no names, and, if possible, no information.

But this year—with negotiations about to open—the code of secrecy has been broken. Faced with mounting claims and a shortage of capacity in the market, insurers have gone public.

"Professional indemnity rates will rise substantially," says Mr Bill Batchelor, chairman of the professional indemnity department at the London insurance brokers CT Bowring. He predicts a 100 per cent rise for "relatively clean risks which are claims free," but warns: "300 per cent would be nearer the mark for firms with a bad claims record."

Few of the "Big Eight" accountancy firms can pretend to be claims free. In the past 18 months, their basic auditing business has been on the wrong end of a flood of multi million dollar writs, filed by what the profession likes to dismiss as an unholy alliance of fleet-footed lawyers and embittered shareholders and creditors to bankrupt companies.

Accountants, meanwhile, are not the only professionals suffering in this way. Rates for architects, civil engineers and lawyers are also rising, and indemnity cover for firms with risky export contracts is well up on last year.

Suing professional auditors has become an international business, respecting neither name nor national frontier. In the UK, Arthur Andersen faces a $270m writ for alleged negligence and fraud issued by the British Government after the collapse of the De Lorean sports car venture in Belfast; in the United States, Peat Marwick Mitchell faces 10 suits totalling $400m following the failure of the Penn Square Bank, the Oklahoma City-based energy bank; in Ireland, Ernst and Whinney has been threatened with a £90m write by the Allied Irish Banks over the failure of its subsidiary, the Insurance Corporation of Ireland; and, most worrying of all, in Australia the New South Wales supreme court recently awarded a record A$145m against the 29-partner firm of Fell and Starkey for negligence in their audit of Cambridge Credit, a finance company which went bankrupt in 1974.

In round figures, this year's rise in indemnity rates should be borne by the Big Eight without too much pain. Arthur Andersen, the world's biggest practice with some $1bn annual fees, will pay between 1 and 2 per cent of fee income on indemnity cover. Far more serious, says Mr Don Hanson, Andersen's managing partner in the UK, is the way the suits and the surrounding publicity has damaged the reputation of the firm and the profession.

"The attitude is sue first and get the evidence later," says Mr Hanson. "I am convinced it is because of the insurance cover available." Mr Nigel Moore, a partner at Ernst and Whinney in London, agrees: "There is a view that when things go wrong, the auditors are fair game."

To some, this sounds a little too pat. The string of financial failures and the ensuing litigation has focused attention on the role, competence and liability of auditors. Most obviously, this centres on their ability to detect fraud, though increasingly there is criticism of their failure to spot weaknesses in companies which are the subject of acquisition.

In the United States, there are already signs that the profession is being called to account. Last year, pursuing its policy of tightening up on fraud, the Securities and Exchange Commission filed 18 separate actions against accountancy firms, their partners or individual employees.

"In my opinion, there has been a tendency during difficult years for companies to make the accounts look good and there is a feeling that accountants were getting too cute," says Mr Ira Sorkin, a regional administrator at the SEC's New York office.

Further evidence of the way the profession is being prised open to public scrutiny in the U.S. has come with the congressional hearings, headed by Mr John Dingell, a Michigan Democrat. Mr Dingell has successfully squeezed information out of the Big Eight firms on how much they have paid out as a result of litigation and out-of-court settlements in the past five years.

Though several of the firms refused to disclose the amounts paid to connection with audits of private companies, they still made interesting reading. Arthur Andersen headed the table with some $137m, with Peat Marwick second at $19.4m. The rest, including Ernst and Whinney, Deloitte Haskins and Sells, Coopers and Lybrand Price Waterhouse, Touche Ross and Arthur Young, were all well below the $10m mark, though some did not disclose settlements under $500,000. Arthur Andersen's sheer size—it is roughly the same size in fee income as the planned but later aborted combine of Price Waterhouse and Deloittes—means that it is naturally more liable to hit legal trouble. Andersen's competitors, in a gesture of much-needed solidarity, also point out that the firm's woes are merely a cyclical re-run of the difficulties Peat Marwick encountered in the U.S. in the 1970s.

But there are those who believe that Andersen's aggressive pursuit of volume business typifies the profession today: hungry, acquisitive and cut-throat when it comes to fighting for audit work.

"Unfair," says Mr Hanson, who claims that Arthur Andersen has searched for weaknesses in its audit systems and its client base thoroughly as a result of recent legal suits.

Like Mr Hanson, the profession prefers to point to the ease with which anyone can sue the auditor, particularly in the U.S. Just like the celebrated Chicago dentist who was sued by his female patient for $90m for extracting the wrong tooth, accountants are victims of the elasticity of the laws on professional liability, says Mr Hanson.

The most alarming trend in the eyes of the accountancy profession is the way creditors, shareholders and lawyers alike are using the the U.S. Racketeer Influenced and Corrupt Organisation laws to pursue their claims.

These laws are being used, successfully against the Mafia. Though the courts are reluctant to apply them against the professions, American lawyers (and the British Government, to judge by the $270m suit filed in New York against Arthur Andersen) find them too tempting to ignore. Moreover, say accountants, the odds are almost invariably stacked against them.

Accountants further argue that the cost of fighting the suits is prohibitive. Vast amounts of senior management time and legal expense is consumed in preparing a challenge in the court. The temptation, therefore, is to settle, quickly and quietly, without the admission of guilt.

The problem arises when the amounts involved in a settlement are disclosed. Arthur Andersen, who recently settled out of court in a case involving the failed government bond dealer, Drysdale Securities, was dismayed to see the overall figure ($48m) appear in the quarterly statement from the plaintiff, the New York-based banking group Manufacturers Hanover. Though Andersen's precise contribution was not disclosed, some saw it as throwing bloodied meat to the sharks.

Faced with this barrage of adverse publicity and the resulting change in public perceptions, the big practices are likely to draw up new battle tactics. There is talk, no more, of accountants in the UK, seeking to persuade the Conservative government that professional liability should be limited, though this is unlikely to go down well with a Government which is keen to promote a more open and competitive profession.

More immediately, the Auditing Practices Committee in the UK is drawing up a checklist for auditors on fraud. In broad terms, it is unlikely to extend the responsibilities of the auditor, preferring to place the burden of detection on management. But there is greater emphasis, nevertheless, on prevention, detection and reporting of fraud.

In a separate development, chartered accountants from England, Wales and Scotland, argued this week for a more formal relationship between bank auditors and the Bank of England in the wake of the collapse of Johnson Matthey Bankers. This could include breaking with present practice which forbids direct communication between the Bank and auditors.

This suggests that the profession is reacting to the new demands placed upon it. Those beleaguered professionals who seek more tangible advice should perhaps listen to a prominent American accountancy lecturer who reportedly told his students to carry a copy of "Generally Accepted Auditing Standards"—the guide for audit exams—in one hand, and a copy of the Bible in the other: "Hoping against hope that one or the other will be your salvation."

Fiscal neutrality

A fairer way to broaden the UK tax base

By Dick Taverne

WHEN the Conservatives came to power, their aim was to broaden the tax base and move towards fiscal neutrality in the treatment of savings. It appears from the Budget that these aims have been abandoned. Were the aims wrong or pursued in the wrong way?

Tax exemptions have eroded the tax base and mean higher tax rates. They finally benefit those on higher incomes, thereby making the system less progressive. They make tax burdens appear heavier than they are and, by raising marginal rates, increase disincentives. In addition, the exemption of special categories of savings makes little economic sense: personally controlled, accessible forms of savings are at a disadvantage, while savings through institutions have been greatly encouraged; and not surprisingly the birth rate of new businesses in Britain has been low. Fiscal privilege also breeds unfairness in the treatment of savers: small savers who invest in building societies enjoy nothing like the benefits enjoyed by those with high incomes who invest in the Business Expansion Scheme.

So the aims were right. Why have they been abandoned? Because the political obstacles proved too great. In her very first year, Mrs Thatcher vetoed any talk of ending mortgage interest relief. This was understandable. Many people have assumed commitments in buying their house which stretch their resources to the limit. If tax relief were withdrawn, their interest payments would rise by over 40 per cent (£30 extra for every £70 paid now) and many would face severe financial difficulties. The relief has also raised house prices; its withdrawal would cause them to fall. This might benefit new buyers, but recent owners would face a big drop in value of what is, in most cases, their principle asset.

Similar difficulties faced Nigel Lawson in changing the taxation of pensions. Taxing contributions, or lump sums, or the income of pension funds, would cut personal incomes, or mean lower pensions, or higher wage bills and a higher cost of living. No wonder he shied away.

So hopes of abolishing the two principal exemptions which have eroded the tax base were frustrated. The fact is that Mr Lawson was swimming against the tide and the current proved too strong. All political pressures have always been, and will always be, for exempting more savings, and against eliminating exemptions which exist. Indeed, the Government has itself created a new exemption, the biggest tax privilege of all

Mr Lawson was swimming against the tide

—the Business Expansion Scheme, which has been more of a tax avoidance device than a boost to the kind of new businesses we need.

The right way to achieve fiscal neutrality is to move towards the exemption of all savings, but to tax the realisation of savings as income. That would be politically more acceptable: would broaden the tax base; would be fairer; would simplify the tax system; and would be economically more

The greater acceptability of this approach can be shown by its effect on lump sums paid on retirement. The present tax exemption is logically indefensible: if contributions are exempt, payments out should be taxable. But many people have counted on a tax-free lump sum as part of their retirement plans. If, however, lump sums were made taxable on receipt, but tax relief were given on any part reinvested (in shares, a deposit account, an annuity, etc) the tax change would be more tolerable, especially if it were gradually introduced. Most pensioners, after all, do not spend the lump sum all at once. More generally, it is easier to end discrimination by sharing privilege than be removing it.

Why then, if all savings are to be exempt, would the tax base be broadened? Because exemptions are already so extensive that the Exchequer would gain more revenue by bringing the realisation of savings into tax than it would lose by excluding all savings from it. As for fairness, there is an obvious gain if small savers are as favourably treated as wealthy ones.

What is not widely realised is that to tax realisations and exempt all savings would also be a considerable simplification. At present, for the purposes of Capital Gains Tax, the Inland Revenue needs to know the acquisition costs of individual assets sold in order to ascertain if there has been a loss or a gain. Instead, the Revenue would only need to know total sales and total acquisitions. Whether there has been a loss or gain would be irrelevant. What would matter is whether sales exceeded investments. In which case the difference would be part of the tax base, or vice versa, in which case there would be a net deduction from tax. Capital Gains Tax could be abolished.

Finally, there would almost certainly be an increase in more mobile, accessible savings. Most people would no doubt seek security and would continue to save for a house and for a pension. They would do so, however, out of choice, not because of tax advantages. Entrepreneurs might be less keen to be tied down by a pension or a house and would find that more mobile savings had become equally advantageous in tax terms. It would be easier to start a business with one's own savings, which is how most businesses start, or with help from relatives. Neither form of saving qualifies now under the Business Expansion Scheme. The change would tend to make Britain more entrepreneurial.

No one can expect the Chancellor to implement the Meade Report in his next Budget. The transitional problems of such a change are formidable and need further study. But he should not abandon his search for fiscal neutrality. He was on the right road, but travelling in the wrong direction.

The author is chairman of the Public Policy Centre.

Letters to the Editor

Subsidies for industry

From Mr T. Barna

Sir,—You are right to question in your leader (March 26) subsidies for industry. Unfortunately very little is publicly known of the results of past DTI subsidies and whether the taxpayer got value for money.

I recently studied the administration and effects of one particular subsidy scheme, albeit, a small one, and I have little doubt that in that instance the scheme was on the whole beneficial and that money was wisely spent.

The results, however, are not entirely satisfactory. The bulk of the subsidy was received by very large firms, to a significant extent foreign owned, and almost all of it was spent in the most prosperous parts of the country. There were quite a few cases where subsidiary companies with good prospects were given money as they lacked alternative finance either because of neglect by the parent company or a deliberate policy to use such subsidiaries to attract DTI funds.

The DTI had no clear policy to differentiate between small and large firms (taking account of ultimate ownership) or between British-controlled and foreign-controlled firms.

Nevertheless the answer to your question, "if a project would not go ahead without public money, can it be worth supporting?" must be: "Yes, in certain cases."

For instance, where a firm falls behind competition it is sometimes difficult to decide whether to close it down or to restructure it. DTI involvement may tilt the balance in favour of restructuring which can be beneficial, especially in a period or area of high unemployment.

But I have also seen a fast growing and well funded firm which was induced by a combination of advice and subsidy to grow even faster. It is well known that a high level of spending on R & D and associated investment reduces profits as conventionally measured and is therefore frowned upon by financial institutions, certainly if the company is quoted.

The DTI not only provides expertise which may be different from that provided by financial institutions but it may also have a different attitude to risk taking.

Most applicants for subsidy pleaded lack of finance. It is obviously very difficult to prove this in the strict sense. In a practical sense, however, the phrase can be interpreted and this gives the DTI certain discretionary power to support or not to support a project.

The conditional nature of industrial subsidy enables the Government to attain objectives at a lower total cost that would be the case with an unconditional subsidy. But there ought to be more public discussion of the way the DTI exercises its judgment in applying the rules.

T. Barna.

Westmeston,
Hassocks, Sussex

Questions for British Telecom

From the Group Managing Director of Air Call

Sir,—Recently you have carried full page advertisements for City Call (0066 0066—available in the 01 region only). The service directly competes with your own (01-246 8026) and some of our services on 01-200 0200.

We would be interested to know whether the Director General of OFTEL has taken any interest in the service. Has he, for instance, asked British Telecom the following questions.

(a) This service charges 20p for a three-minute local call, surely this is more than a local call charge—must be a value added service!

(b) Why is this service provided by British Telecom London Region and not British Telecom Enterprises which was set up especially and is licensed to provide value added services as a separate arm's length subsidiary free of cross subsidising?

(c) As a value added service it must be sold off to the highest bidder or closed down—it cannot be just transferred to British Telecom Enterprises.

(d) We hear that there is congestion and no freely available "exchanges"—where did an eight-digit exchange come from? Will others be able to use the numbers?

When British Telecom answers these questions we might find that private enterprise has not been offered facilities that have been lying idle for many years and whose existence has been strenuously denied.

J. W. Tayler.

176-184 Vauxhall Bridge Road,
London SW1.

Artificially high prices

From Mr H. Neueberger

Sir,—Professor Waelbroeck's entertaining article: "Why we need two supply shocks" contained a striking parallel between pricing in labour markets and pricing in European agriculture. It is a pity that he did not follow the logic of this comparison further in his article.

Market theorists agree with almost everyone else that the effect of artificially high prices is to cause excess agricultural production and trading. Yet in the case of the labour market they believe that an artificially high price leads to too little production and trading. Professor Waelbroeck offers no explanation for this contrast.

But there are important differences between the market in milk and the market in labour. Professor Waelbroeck says "Wages are the prices of men: it is hard not to be emotional about them." But those of us who criticise naive market analysis of wages are not doing so on emotional grounds. We are not complaining with 19th century romantics that a market in human labour degrades people. That complaint is valid but irrelevant to the analytical criticism.

Labour is different from milk because wages labour represent the vast bulk of income for the majority of the population. Milk revenue represents the bulk of income for only a small minority of the population.

So a change in wages changes the underlying supply and demand conditions for labour. An increase in wages increases the demand for the output of what they produce. It will also increase household income and therefore may reduce the need for members of the household to work.

So the simple partial analysis which underlies the idea that workers can price themselves into jobs is irrelevant to the labour market—just as it would be to the milk market if Britain or Europe were a predominantly dairying economy.

Henry Neueberger.

21, Northchurch Road, N1.

Foresight in Huddersfield

From Mr Richard Woinwright, MP (Colne Valley)

Sir, — What can Huddersfield (a large part of which I represent in Parliament) have done to upset your critic, Colin Amery (April 1) so very seriously? He writes of St George's Square as "all sad and lacking all signs of life." He does not say how he would like this well-preserved group of high-quality Victorian buildings to be changed. The Inter-City rail station is regarded as one of the most handsome, and it is under no threat. The massive premises of "The Yorkshire Building Society" are always busy because Yorkshire people use it as their bank. The historic George Hotel has been thoroughly renovated without disfigurement; and as for Lion Chambers, the magnificent lion has recently been renewed in material that should last for ever.

Your critic complains of a handsome chapel being demolished. Sad though this is, Huddersfield still abounds with well-maintained church and chapel buildings. The Free Churches flourished so strongly in Huddersfield that, for example, all four separate branches of Methodism had large central chapels. Since 1932 these have all belonged to the same church. Likewise, the United Reform Church recently brought together Huddersfield Congregationalists and Presbyterians, each with large premises.

Most visitors are impressed by the orderly and well-proportioned layout of the heart of the town. This was made possible by the courage, between the wars, of the borough council (not surprisingly, Liberal). The entire town centre was owned by the late Sir John Ramsden. When there was an opportunity of acquiring this estate the council borrowed a huge sum from Rothschilds and bought the entire freehold.

Post-war, while other city authorities exhausted themselves bringing together a multitude of separate ownerships, so that they had little energy left to insist on good building, Huddersfield's foresight enabled it to plan as the sole owner of all the land involved. The present Government would not have allowed this. Your critic must come back on a better day.

Richard S. Wainwright.

The Heath, Adel, Leeds 16,
West Yorkshire.

Marketing myopia

From the chairman, International Marketing Programme.

Sir,—It was because a group of British marketing executives, who had attended courses at the Harvard Business School in the early 1960s, saw the dangers of marketing myopia (Management Page April 1) that we set up the International Marketing Programme in 1964.

We believe we have done something to combat this "insidious disease," and the fact that several companies send people on our courses year after year shows that many of our participants agree with us. Our next course in Marketing Management and Business Policy in July this year will be our 21st and, as in the previous 20 years, we expect to welcome senior executives from a wide range of types of company from all over the world.

L. R. Barkey.

16a St James's Street,
London, W1.

FINANCIAL TIMES
Wednesday April 10 1985

Sudan rebel group demands return to civilian rule

BY RICHARD JOHNS IN LONDON

SUDAN'S new military rulers were yesterday given an uncompromising challenge by the leader of the main rebel group in the south of the country, who confirmed a ceasefire was in force but warned it would be broken if there was not a return to civilian rule within seven days.

The ultimatum from Colonel John Garang, commander of the Sudan People's Liberaton Army (SPLA), came as the five-man military junta led by General Abdul Rahman Swareddahab, who seized power on Saturday from President Jaafar Nimeiri, held consultations on a caretaker government to preside over the country during an interim period before the promised restoration of civilian rule.

Gen Swareddahab has promised to end the southern rebellion through negotiation and to improve the living standards of the people in neglected regions. The war was one of the major factors undermining Mr Nimeiri's regime and was exhausting the country's finances at a rate of an estimated £S1m (about $350m) a day as well as preventing development of oil and natural resources.

In a broadcast from the SPLA's clandestine radio station Col Largu, a U.S.-trained former officer in the Sudanese army, expressed scepticism about the nature and motives of the officers responsible for the coup, comparing it to a hyena which had merely changed its clothing.

"The people's revolution in Sudan has been stolen by a gang of four generals," he said, emphasising that the SPLA did not support the new regime and would "never betray the people."

In offering a week-long ceasefire, he said, that SPLA would only attack military vehicles and troops on the move.

For the new regime, which has repeated its commitment to restore civilian rule, the SPLA's is stance is a setback, especially given a statement of support issued yesterday in the name of professional organisations and trade unions in the three southern provinces. It called on the military leadership to begin direct talks with the rebels.

The SPLA is fighting for autonomy rather than secession and a repeal of Mr Nimeiri's application of Islamic law to the whole country.

Gen Swareddahab has promised to permit a multi-party system and religious suffrage, but the 13-point statement issued at the weekend stressed Sudan's commitment to the Islamic Conference Organisation. It made no mention of the problems of the south.

The Sudanese judges' union, meanwhile, has petitioned Gen Swareddahab to draft a new constitution and review "hastily passed laws," according to the official Suna newsagency. This was a clear reference to the Sharia, or Islamic law, decreed in September 1983. The new leader is known to be a devout Moslem and is thought unlikely to abrogate formally Sharia law but more probably will just allow it to fall into disuse.

Following the accord reached with the junta on Monday night which ended a nationwide strike, Sudan's professional organisations and trade unions said there was unanimous agreement on the formation of an interim government. They urged union members to return to their jobs and "produce more."

At the same time the junta said Sudan would maintain its ties with the West and pledged itself to preserve close relations with Egypt.

It has stressed that Sudan will abide by existing bilateral, regional and international agreements, indicating that it is contemplating a large measure of continuity.

Egypt, for its part, has reaffirmed support for Sudan and its adherence to the 1976 defence pact calling for each country to counter outside interference in the other's domestic affairs.

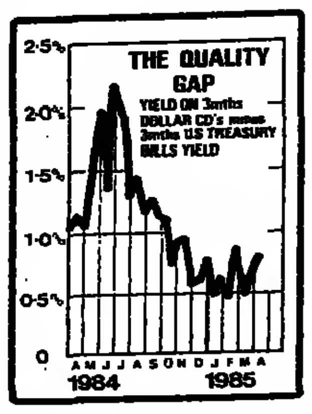
One of the big questions is whether the regime will respond to overtures from Libya and Ethiopia. Better relations with them, especially Ethiopia, could be vital for a settlement of the southern problem.

It was revealed yesterday that Gen Swareddahah had received telephone calls from Mr Nimeiri's two most implacable Arab foes, Colonel Muammer Gadaffi of Libya and President Hafez al Assad of Syria.

THE LEX COLUMN

Security lapse on Wall St

Coincidence may be the best excuse for the failure of a second U.S. dealer in government securities inside a month, though it is a defence which could begin to lack conviction if the compulsory liquidation of Bevill, Bresler brings the same ripples in its train as the collapse of ESM last month. Even without the gathering allegations of fraud – a contingency falling outside the scope of mere regulation – there would be grounds for worrying over the soundness of many a secondary securities dealer. And since their creditors have been among the weaker U.S. banking and savings institutions, the threat of knock-on liquidity crises must be causing some disturbed nights at the Federal Reserve.



At present, the main result is probably negative. Whereas the Fed's big worry in February was an economy running out of control and into inflation, that is surely balanced now be the dread of withdrawal queues. If the argument has not yet swung in favour of printing all the money necessary to keep every institution liquid, it may have postponed any idea of monetary tightening. Apart from the direct effect on confidence, to hold interest rates down could only help to erode overseas demand for the dollar. It was a bit surprising yesterday that the currency markets took the news with so much calm.

The consequences for the securities markets may, with luck, be quite limited. The secondary industry of selling Federal debt has been one of the most dynamic growth areas in the whole U.S. economy over the last four years, but its casualties – typical of new businesses – should not feed back into the relatively well-capitalised and self-regulated primary market. And the regulatory umbrella of the stock exchange ought to prevent a similar outcrop among broker-dealers in the new London gilt-market.

British Aerospace

It is remarkable how the public spotlight and judicious marketing can improve the fortunes of a share price.

In January, just before the UK Government and British Aerospace (BAe) announced that they were planning between them more than to double the public float of BAe equity, the shares were trailing around the 370p level. Since then, the market has built in a discount to anticipate the flood of paper, and has, if anything, revised downwards its underlying profit forecasts for 1985. Yet last night the shares were standing at 425p. So much for scarcity value and the efficient market.

Between now and the beginning of May the issue's sponsors will be horsetrading with the institutions about the final discount. This is a particularly sensitive matter since the pre-emption rights of existing shareholders are only partially being protected.

Shareholders have a preferential call only on the new equity being issued by the company and even then have no chance to sell their rights in the market. So if the eventual discount comes anything close to the 15 per cent or so common in rights issues, shareholders will be entitled to ask why the whole lot was not offered by way of rights.

In practice the discount should be much smaller. The issue has the advantage of being partly-paid and free of initial stamp, while the institutions will remember the weighting problems which their somewhat snooty attitude towards British Telecom caused last year.

Retail demand will presumably not be so widespread this time but the professionals would be wise not to take too many chances. On the reasonable assumption that some discount has already been built into the price, the sponsors may escape with a figure about 5 per cent to 7 per cent below the market.

Hawley Group

Hawley Group's 1984 accounts with their grey on grey colour scheme are hard enough to decipher, and once the eye becomes accustomed to the gloom the contents are none too illuminating.

Of the fixed assets of £188.3m in the consolidated balance sheet £32.3m are contracts and lists of customers – not depreciated – and just over £100m is described as investment.

Most of the £100m apparently consists of either goodwill in associates or – in the case of quoted subsidiaries – the difference between the market value set by the shares which Hawley does not own and the book value of the subsidiaries' net assets that is attributable to Hawley. Taken with the £32m of lists, then, Hawley's intangible assets seem to be almost as large as its £115m net worth.

Quite apart from the question of prudence, one might wonder whether it is even realistic to have valued, say, the 69 per cent stake in Kean & Scott at its market price. After all, the market in the balance of shares must be pretty thin and the price may be little guide to what Hawley might obtain on realisation.

At this rate shareholders might be happier if Hawley became an investment trust and quoted the value of its assets in the FT each month. They can always raise these issues at the annual meeting, conveniently scheduled to take place at Hawley's Bermuda office next month.

Royal Bank

The great virtue of the rights issue from a clearing bank's point of view is that new equity capital gives it the scope to top up with subordinated debt. Royal Bank of Scotland raised £115m by way of rights earlier this year and has now followed up with a tap issue of sterling floating-rate notes totalling £200m, all of which could theoretically rank as secondary capital under the Bank of England definition.

The £100m issued yesterday would add 0.8 percentage points to a free capital ratio which stood at 5.5 per cent at the end of last year. In practice, the initial effect may be rather more modest, since Royal will be investing some of the proceeds outside its mainstream lending business. But, whatever the effect on its balance-sheet ratios, Royal can feel very satisfied with the terms on which it has obtained the money.

It is paying only 1/16 over Libor for an issue with a 20-year final maturity. The fine terms should help to settle worries that the Bank of England's recent insistence on secondary capital running to maturity would substantially increase funding costs to an issuing bank.

Howe calls for East to lower barriers

By David Buchan and Leslie Colitt in East Berlin

SIR Geoffrey Howe, the British Foreign Secretary, yesterday wound up his historic visit to East Germany with a double warning that the West would turn down "unbalanced" arms control proposals by the East, and that Western public opinion would find it hard to support East-West dialogue without the East lowering some of its "walls and barriers."

Sir Geoffrey's visit, the first here by a British foreign secretary, also marks a reactivation of East German "Westpolitik".

President Erich Honecker, whom Sir Geoffrey met yesterday, is to make his first visit to a Nato country when he goes on April 23 and 24 to Italy, where he will also be the first East European leader to visit the Pope at the Vatican.

Last autumn East German "Westpolitik" suffered a major setback when, under Soviet pressure, Herr Honecker cancelled his visit to West Germany. The Rome visit is in return for a recent visit by Sig Bettino Craxi, the Italian Prime Minister, to East Berlin.

M Laurent Fabius, the French Prime Minister, is also to visit East Berlin in June and yesterday it was announced that Herr Oskar Fischer, the East German Foreign Minister, would visit Britain.

Yesterday, Sir Geoffrey claimed to have got across "one unambiguously clear message" that the West was sincere beyond doubt in its determination to achieve greater security for all, at a lower level of weapons and to do so through balanced and verifiable agreements.

At a press conference here he repeated his complaint that Mr Mikhail Gorbachev's temporary freeze on Soviet medium-range missile deployments failed to take into account the existing Soviet superiority in Euromissiles.

He also said the East German leaders he talked to, including President Honecker, Herr Fischer and Herr Willi Stoph, the Prime Minister, did not seek to exploit his recent critique of the U.S. star wars programme, because they knew the British Foreign Secretary stood behind the U.S. pledge to pursue only research for the time being.

The UK Foreign Secretary, in his official discussions, frequently referred to human rights and made a point of meeting unofficial East German churchmen, writers, academics and artistes, at a Monday night British Embassy reception.

He avoided, however, publicly criticising the Berlin Wall specifically, though earlier yesterday he walked within 80 yards of it at Potsdam.

Some observers, particularly the West German press, speculated that the first visit to Potsdam by a foreign minister of one of the four foreign governments responsible for Berlin might have some political significance for the governance of the divided city.

Sir Geoffrey denied this and said the Potsdam visit was intended simply as "an agreeable and pleasantly accessible" diversion.

U.S. companies 'set to increase capital spending by 8.7%'

BY STUART FLEMING IN WASHINGTON

CAPITAL EXPENDITURE by U.S. companies is expected to rise by around 8.7 per cent in 1985, according to the Commerce Department's quarterly survey of business investment plans, released yesterday.

Such an increase would be sharply down from the remarkable 16 per cent increase recorded in 1984. Mr Robert Ortner, the department's chief economist, said yesterday that it would, nevertheless, represent a rate of expansion more rapid than the economy overall, thus capital expenditures should help to boost economic growth.

He pointed out that the capital goods sector had been hard hit by rising imports and that the extent to which a growing part of the investment was satisfied by imports would weaken the impact of the outlays on the domestic economy.

"I suppose European and Japanese capital goods manufacturers will be as happy with this forecast as U.S. producers," he said.

The survey points towards a significant recovery in capital outlays in the first quarter of 1985, compared with the depressed fourth-quarter increase of only 1.7 per cent.

This will tend to reinforce the views of those economists who have been arguing since the release last week of March's strong employment data that first-quarter real growth in gross national product will be faster than the 2.1 per cent annual rate reported in the "flash" forecast made by the Commerce Department last month. That forecast had assumed no increase in capital outlays.

Among the manufacturing goods sectors projecting the biggest gains in capital outlays for 1985 are the motor vehicle industry (up by 38 per cent). Steel (11 per cent), primary metals producers (13.3 per cent) and non-electrical machinery producers (13.3 per cent).

Petroleum (2.4 per cent), textiles (2.2 per cent) and aircraft manufacturers (0.4 per cent) were among the industries forecasting the smallest increases in new plant and equipment expenditures.

Banque Belge buys UK discount house

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

BANQUE Belge, the London subsidiary of Belgium's largest bank, is to buy Gerald Quin Cope, a small London discount house, for £2.1m ($2.52m).

The deal marks the second acquisition by a foreign bank of a member of the City of London's exclusive discount fraternity: earlier this year Citicorp of the U.S. bought Seccombe Marshall & Campion for £7m.

Mr Wallace Armstrong, managing director, said Banque Belge had been operating for many years in the discount market as a money trader. The acquisition will allow these activities to be extended and expanded. The bank is interested in the market for short term corporate paper as envisaged in the recent UK Budget, and paper denominated in foreign currency. But the bank has no current plans to become a primary dealer in UK government securities.

The purchase price represents a premium of 31 per cent over Quin Cope's net asset value. Banque Belge intends to inject an additional £1.5m and build Quin Cope up to a size comparable to the group of discount houses with capital of about £7m–10m which constitute the market's "second tier" below the Big Three leading houses.

The Bank of England has given its approval. However Banque Belge will have to keep Quin Cope as a separate operation and will not be able to use it as a vehicle to raise funds for itself. The discount house will eventually be housed in Banque Belge's building in London's Bishopsgate. Banque Belge is owned by Société Générale de Banque, and recently celebrated its 75th anniversary in London.

Quin Cope is the smallest of the discount houses, and the only privately owned member of the London Discount Market Association. Since 1892 it has been controlled by the Savill family, and Mr Brian Savill, the current chairman, is a grandson of one of the founders. The firm believed it had to find a banking partner to thrive in the fast-changing London financial market.

Quin Cope has been doing business with Banque Belge for a number of years, and purchase negotiations were first initiated last November.

OECD warns on perils of protectionism

Continued from Page 1

to keeping indebtedness within manageable limits.

The study also warns that uncertainty about future trade regimes depresses investment and business confidence in OECD countries.

The OECD is hoping that industrialised countries will finally find ground for concerted action. The spring ministerial session at the end of this week could start the effort to define a common approach during the current season of international summits which is just beginning.

There is broad agreement, however, that any basis of a consensus can only emerge if the U.S. can provide a credible commitment to reduce its budget deficit and reaffirm its intention to resist protectionism, despite growing domestic pressure as a result of the strong dollar.

At the same time, European countries will have to continue to accelerate the process of structural adjustment and be more prepared to enter into new multilateral trade negotiations.

As for Japan, the other Western countries will want to see Tokyo take convincing steps to reverse the continuing trend of huge Japanese trade surpluses.

The OECD is equally worried, however, that the bold proclamations of good intentions made by governments are seldom followed through. Indeed, the gap between the official language of governments and their actual behaviour when its comes to protection appears to have widened.

The OECD has revised upwards its growth estimates for the whole of the OECD area this year to 3.25-3.5 per cent, compared with an earlier forecast of 3 per cent at the end of last year.

U.S. growth is now estimated at 3-4 per cent this year. Growth in Japan is expected to range between 4.5 per cent and 5 per cent, while in Western Europe growth is forecast to be between 2.5 per cent and 3 per cent this year.

Kevin Done in Stockholm adds: Sweden is to call for joint European economic action to improve economic integration and conditions for industrial growth, at the OECD meeting.

Measures would include a programme of infrastructure investment

Royal Bank of Scotland issues £200m FRN

By Our Banking Correspondent

THE Royal Bank of Scotland is to boost its capital resources by making a £200m issue of floating rate notes. The issue will be the first to qualify as capital under the tougher guidelines on bank debt put out last year by the Bank of England.

An initial tranche of £100m of the issue is to be sold immediately. The remainder will be issued by way of a tap over the next two years. The notes have a final maturity of 20 years and will be amortised in equal amounts over the last five years.

They will be sold at par with interest set a 1/16 per cent over the rate offered for three month deposits in the London inter-bank market. This is a highly competitive rate for commercial borrowers and suggests that the Bank of England's conditions have not added to the cost of borrowing.

The Royal Bank said the proceeds would provide attractive funding for its UK mortgage business. The tap portion of the issue will be activated as the demand for home loans becomes clear.

Details, Page 40

Thatcher defends attacks on unions

By Robert Mauthner in Jakarta

AN UNREPENTANT Mrs Margaret Thatcher yesterday hit back at British Labour Party critics of the remarks she has made about trade unions during her whistle-stop tour of South East Asia.

Replying to Mr Gerald Kaufmann, the Labour Party spokesman for home affairs, who had told the House of Commons that she was using "her sunshine tour to attack and insult her fellow citizens," a member of her entourage explained that the Prime Minister was trying to promote British business and, therefore, jobs.

"In doing so she is trying to get over the point that the economy is improving, though unemployment is grievously high, and that strikes which are so damaging to Britain's reputation abroad are largely confined to the public sector.

"This seems a reasonable thing to do. After all Britain needs business and jobs."

The counter-attack came at the end of a sweltering, humid day during which the Prime Minister visited three countries. She began with engagements in Singapore, made a half-day visit to Brunei, and finished with a state banquet in the Indonesian capital, Jakarta.

Whatever Mrs Thatcher's critics might think of her comments on the trade unions while on a foreign visit, they could hardly fail to admire her stamina in the tropical heat.

Since Good Friday, when she arrived in the Malaysian capital, Kuala Lumpur, Mrs Thatcher has travelled some 10,000 miles, about half the distance of her current tour, which embraces Malaysia, Singapore, Brunei, Indonesia, Sri Lanka and short stop overs in India and Saudi Arabia.

On the first day of the tour, Mrs Thatcher, after the traditional welcoming ceremonies, went straight into talks with Dr Mahathir Mohamad, the Malaysian Prime Minister.

She came out two or three hours later, having secured an agreement on extra air services between the two countries, thus settling an issue which had threatened to affect Anglo-Malaysian relations.

The Prime Minister yesterday attended a wreath-laying ceremony at the Commonwealth military cemetery, where 24,000 men who were killed in the second world war are buried. She then left for another two-hour flight to the small Sultanate of Brunei in North Borneo, the South East Asian country with the highest per capita income, for lunch and talks with the Sultan and his two wives.

The $300m marble-floored and walled palace, with its 2,000 rooms, huge internal fountain and incongrous escalators, took Mrs Thatcher's breath away as she arrived on a naval patrol boat.

After another flight from Brunei to Jakarta, Mrs Thatcher ended a 16-hour day with a speech at a banquet given in her honour by Dr Suharto, the Indonesian president.

Thatcher in Jakarta, Page 4; Vietnam: 10 years on, Page 14

SEC seeks freeze on dealers assets

Continued from Page 1

$140m" and suggested that the total might exceed $190m.

The collapse of BBS, in the wake of the ESM failure which sent shock waves through the U.S. financial system, has already intensified pressure from Congressmen and others for bringing the unregulated sector of the government securities market under direct surveillance of the SEC or the Fed

While the SEC, Fed and the U.S. Treasury are still considering what form, if any, the regulations should take, House Democrats are planning to introduce a Bill shortly requiring full supervision.

		°C	°F			°C	°F			°C	°F			°C	°F
[illegible]	[illegible]	[illegible]	55	Dubrovnik	C	20	68	Malaga	F	19	66	Salzburg	S	18	64
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[illegible]	C	[illegible]	[illegible]	Florence	C	19	66	Manila	S	35	95	Singapore	S	33	91
[illegible]	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	11	52	Miami	S	20	68	Stockholm	S	1	34
[illegible]	[illegible]	[illegible]	[illegible]	Funchal	S	17	63	Milan	C	14	57	Strasbourg	R	10	50
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[illegible]	[illegible]	[illegible]	[illegible]	Gibraltar	F	18	64	Munich	R	9	48	Taipei	C	27	81
[illegible]	-	-	-	Glasgow	F	11	52	Nairobi	-	—	—	Tangier	F	16	61
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[illegible]	[illegible]	[illegible]	[illegible]	H. Kong	R	20	68	New Delhi	S	34	93	Tel Aviv	S	24	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	C	14	57	New York	F	2	36	Tenerife	F	21	70
[illegible]	C	[illegible]	[illegible]	Inverness	R	6	43	Nice	F	16	61	Tokyo	S	21	70
[illegible]	C	[illegible]	[illegible]	Istanbul	S	12	54	Oporto	R	11	52	Toronto	F	-5	23
[illegible]	[illegible]	[illegible]	[illegible]	Jersey	S	11	52	Oslo	F	2	36	Tunis	S	26	79
[illegible]	F	[illegible]	[illegible]	[illegible]	F	18	64	Paris	F	13	55	Valencia	S	20	68
[illegible]	[illegible]	[illegible]	[illegible]	Las Palmas	C	18	64	Prague	C	12	54	Venice	S	17	63
[illegible]	R	[illegible]	[illegible]	Lima	S	25	77	Reykjavik	C	5	41	Vienna	F	16	61
[illegible]	S	[illegible]	[illegible]	Lisbon	R	11	52	Rio de J'o	C	33	91	Warsaw	F	15	59
[illegible]			[illegible]	Locarno	R	9	48	Rome	S	22	72	Zurich	R	5	41
[illegible]	[illegible]	[illegible]	[illegible]	London	F	13	55								
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[illegible]	[illegible]	[illegible]	[illegible]	Madrid	C	12	54								
[illegible]	[illegible]	[illegible]	[illegible]	Majorca	F	20	68								

Readings at mid day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder H-Hail

Hungary backs project

Continued from Page 1

risks in the Shah project, the Hungarian bank does have experience of the printing industry and clearly believes the project – due to be launched early next year – will succeed.

To help the newspaper's launch, Mr Shah is planning to spend as much as £4.5m on promotion. He is already well advanced in recruiting an editorial team and will soon be interviewing for an editor for the paper.

The main investors in the company have not yet been revealed, although it is understood that they include Scottish Investment Trust and the British Commonwealth Investment Trust. Mr Shah will have a large personal stake, perhaps as much as 30 per cent.

Although Mr Shah will probably bypass the existing wholesalers distribution system, he is keen to sell through the existing retail network.

Mr Shah insists that he will allow unions to organise but not to enforce closed shop without agreement. Both the National Graphical Association and the other main print union Sogat 82 have already put out informal feelers for negotiations on recognition – without response from Mr Shah.

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SECTION II – INTERNATIONAL COMPANIES
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U.S. groups step up hostile-bid defences

By Terry Dodsworth in New York

ANTI-TAKEOVER measures are being adopted by an increasing number of large U.S. corporations in response to the wave of hostile merger activity on Wall Street.

Within the past 10 days, several big public companies have either received a takeover offer, announced a merger, or come under speculative pressure. In the same period, four companies which are not directly in the firing line have outlined anti-takeover proposals which will be put to shareholders at their annual meetings.

The four groups – Amerada Hess, Northrop, Gould, and Alcoa – all say that they have not received any specific offer and are aiming to make themselves generally more bid-proof.

The main thrust of their bylaw changes seems to be directed at making themselves less vulnerable to excessive pressure from a hostile bidder in the early stages of a tender offer.

Both Gould, the high-technology company, and Alcoa, the aluminium group, intend to introduce provisions against "greenmail" – the practice of buying back a block of stocks held by a hostile shareholder at a premium to the market price.

Under their proposals the company would be prohibited from paying a premium to anyone holding a stake of more than 5 per cent unless a majority of the other shareholders agreed

This move is meant to discourage greenmailers, whose activities often weaken companies so much that they become easy takeover prey to other groups.

The other main provision being brought in by Northrop, the defence group, and Amerada Hess, the oil company, is to stagger directors' elections.

The development of anti-takeover devices is regarded with mixed feelings in industry and the securities markets.

William Hall in San Francisco assesses the chances of Sir James Goldsmith's latest target

Crown Zellerbach – out of the wood, into a jungle

CROWN ZELLERBACH, 115-year-old U.S. West Coast forest products group, may be a household name in the world paper industry, but on Wall Street it has long been regarded as a prime takeover candidate.

After a heady growth phase in the 1970s the San Francisco-based group ran into serious financial difficulties four years ago, culminating in the departure of its chief executive, a painful dividend cut and a major retrenchment.

Under Mr Bill Creson, its new chief executive, the group has been struggling to put its house in order. But just as it appeared to be turning the corner it has been confronted by Sir James Goldsmith, the Anglo-French financier who has offered to pay more than $1bn or at least $41.625 per share for the group.

Later today, Crown Zellerbach's board will hold an emergency meeting at its San Francisco headquarters to decide what to do about Sir James's unwelcome approach.

The board is uncomfortably aware of Sir James's track record in the U.S. forest products business. He has largely dismembered Diamond International, his first acquisition, and has profited handsomely from unsuccessful raids against two other household names in the U.S. paper and packaging industry, St Regis and Continental. Both companies were forced to seek friendly suitors to avoid Sir James and other predators.

Crown Zellerbach has stressed it is not going to make the same mistake as St Regis and buy back Sir James's 8.6 per cent stake at a premium, a tactic known as "greenmail." It has also demonstrated its willingness to fight predators like Sir James by adopting a controversial "poison pill" defence – issuing its shareholders with rights which make an unwelcome takeover prohibitively expensive.

It has also recruited some formidable Wall Street firepower. It has retained Salomon Brothers as its investment bank and also taken on board Mr Martin Lipton, one of the best takeover defence lawyers in the U.S. Crown Zellerbach gives every appearance of preparing for a long fight.

Sir James has made his offer conditional on the company withdrawing its poison pill defence. If Crown refuses to bow to his wishes, he has said he intends to wage a proxy battle to replace its board. Sir James's first deadline passed on Monday with no word from Crown, but when its board meets today it will face a difficult choice.

	Sales $bn	Net income $m	Cash outflow* $m	Return on equity (%)
1980	3.0	97.4	46.1	8.8
1981	3.1	75.3	151	6.3
1982	2.9	(112.2)	191.9	(9.6)
1983	2.7	87.8	62.4	7.8
1984	3.1	86.9	37.3	7.5

* Internal funds generated minus investment.

Apart from considering the worth of Sir James's unsolicited offer, Crown's board will also have to decide whether to call his bluff and retain the poision pill, which makes the company virtually invulnerable to hostile takeovers.

The Securities and Exchange Commission has made no secret of its disapproval of poison pill-type defences and there are serious doubts whether the courts will uphold the device, which many people argue works against shareholders' best interests. This view is shared by two Crown Zellerbach shareholders who on Monday filed a lawsuit in a Chicago court to try to prevent the defence.

Many Wall Street analysts believe Sir James is attracted to Crown because most of the necessary surgery has already been undertaken. The company is much slimmer and a potentially more profitable group than it was four years ago.

When he took over in October 1981, Mr Creson, who is 55, inherited the company which was paying out virtually all its net income in dividends, despite an ambitious investment programme, and was earning a mere 6.3 per cent on its equity, about the lowest in the industry. There were very real doubts about the company's ability to survive the next downturn in the forest products cycle at a time when interest rates were reaching an all-time high.

In his own words, Mr Creson moved quickly to "stop the bleeding and buy time to put a new strategic plan into place." The dividend was slashed from $2.3 per share to $1 per share, more than a fifth of the salaried staff jobs disappeared and the overall workforce was reduced from 28,000 to 19,000 in just three years.

The group sold off Crown Zellerbach Canada, its major international operation, at a loss and reduced its emphasis on such products as newsprint, market pulp and unbleached kraft papers in favour of higher quality papers, such as computer print-out stationery, with superior added value and market potential.

The company has also earmarked a third of its 2m acres of timberland for sale, since they are not close enough to its four main paper mills. Crown hopes to raise upwards of $250m from the sale of these "non-strategic" timberlands over the next few years but is unwilling to sell at current depressed prices.

Apart from the physical restructuring of its business, Crown's new senior management team also takes pride in the improved labour relations at its mills. In an industry where two and three-year labour contracts are the norm and disputes are frequent, Crown has managed to negotiate five-year contracts at most of its mills. In one case its workforce has recently agreed to a six-year contract.

The group's profit record to date has not reflected the changes underway at Crown and Wall Street is getting impatient. Earnings per share peaked at $5.24 in 1979 and the shares were trading well above $60.

Since then Crown's earnings have recovered somewhat. In 1984 the company earned $2.61 per share after taking a 60 cents per share charge for further losses on its timber business.

If Sir James had not arrived on the scene, Crown Zellerbach shares would probably be trading in the low $30 range compared with their current level of above $40. Wall Street analysts believe that if Sir James was to pitch his price between $45 and $50, Crown would be hard pressed to refuse his offer, notwithstanding its poison pill strategy.

International Paper earnings fall 33%

BY OUR FINANCIAL STAFF

INTERNATIONAL Paper, the world's largest paper producer, yesterday reported a 33 per cent fall in first-quarter net profits, with the strong U.S. dollar partly to blame.

Profits in the latest three-month period were $37.1m or 60 cents a share, against $55.3m or 98 cents in the 1984 period, when earnings were inflated by a $12.1m gain from sale of land. Sales in the latest quarter slipped from $1.15bn to $1.13bn.

Mr John Georges, chairman and chief executive, said: "The strong U.S. dollar has affected our earnings both by decreasing the price of our exports and lowering export volume". The company believes prices have hit bottom, and expects them to firm in some product lines in the second quarter.

● Papercraft, a Pittsburgh-based manufacturer of gift wrappings, artificial Christmas trees and household products, is to be taken over in a $240m leveraged buyout by a corporation to be formed by Citicorp Capital Investors, institutional investors and members of the company's management.

Under an agreement approved by Papercraft's board, shareholders will receive $22.12 per share, of which $16 will be in cash and the rest in junior subordinated debentures. In 1983 Papercraft reported net earnings of $11.7m

● Abbott Laboratories, the Illinois-based drugs group, lifted first-quarter net earnings from $88m or 73 cents a share to $102m or 85 cents, continuing its recent trend of profit growth.

Sales rose from $721m a year ago to $756m.

● Dow Jones, publisher of the Wall Street Journal, lifted first-quarter net earnings from $30.8m or 48 cents a share to $32.7m or 51 cents, while revenues rose from $228.6m to $245.8m.

Advertising lineage at the Journal on a per-issue basis was down 0.3 per cent for the quarter.

● ITT, the U.S.-based conglomerate which has been refocusing on its electronics and telecommunications equipment business, has reached agreement in principle to sell 12 businesses in its industrial technology group for $370m.

The buyer is Forstmann Little, a private investment company

● Allied Corporation, the U.S. chemicals, energy and aerospace concern, has agreed to sell 50 per cent of Union Texas Petroleum, its oil and gas subsidiary, to an investment group led by Kohlberg Kravis Roberts and including members of Union Texas management.

Computervision forced to lay off 950 staff

BY PAUL TAYLOR IN NEW YORK

COMPUTERVISION, the hitherto fast growing U.S. electronics group, yesterday laid off 950 employees, or about 14 per cent of its 6,800 strong worldwide workforce.

The lay offs are the latest indication of the problems facing the company, which pioneered the use of cad/cam (computer-aided design/computer aided manufacturing equipment) systems.

Computervision increased its income from continuing operations by 43 per cent to $14.9m on revenues up 47 per cent at $103.9m last year. Earlier this month, it warned that it expected to post a first-quarter operating loss of up to $15.7m on declining revenues.

The company then blamed the reversal on "a continuing sluggish market and other contributing factors." Computervision has invested heavily in attempting to make cad/cam systems able to operate with computers made by a range of other manufacturers.

The overall market for such equipment is estimated to have totalled about $2.5bn last year but its growth has recently slowed

Share sale to aid troubled Petrosar

By Bernard Simon in Toronto

THE CANADIAN subsidiaries of Du Pont and Union Carbide are to sell their combined 40 per cent holding in Petrosar, one of the country's largest petrochemical producers, as part of efforts to rescue the loss-making company.

The shares will be sold to Polysar, the synthetic rubber producer, which is Petrosar's largest shareholder. Du Pont and Union Carbide will receive Polysar preferred shares valued at C$188m (U.S.$136m) They have agreed to subscribe for more than C$200m of the non-voting preferred shares in Polysar's parent, the state-controlled Canada Development Corporation.

These funds will be used to reduce Petrosar's C$400m debt and to start a capital programme aimed at improving the company's competitiveness. Polysar will take over all Petrosar's financial obligations.

Petrosar, which supplies 40 per cent of Canada's primary petrochemical needs, has lost more than C$100m in the past two years. The main cause of its problems is its reliance on oil-based feedstocks, which are more expensive than the natural gas liquids used by most of its competitors.

Mr Robert Dudley, Polysar president, said yesterday that the key to Petrosar's restructuring was a reduction in feedstock costs. The company is converting part of its plant to gas-based raw materials, and expects that deregulation of domestic oil prices later this year will bring substantial benefits.

Polysar recently set up a joint venture with a Calgary-based petroleum products broker to supply natural gas liquids to Petrosar at costs matching those of U.S. petrochemical refiners.

The Petrosar refinery at Sarnia, Ontario, has a capacity of 1.3m tonnes a year. It was built in 1978 to increase Canada's self-sufficiency in petrochemicals.

Sacilor provisions swell net losses

BY DAVID MARSH IN PARIS

THE DRAIN on the French public sector from financial problems in the steel industry was underlined by announcement yesterday by Sacilor, one of the two big state steel groups, of larger than expected losses of FFr 8.1bn ($840m).

The losses, compared with a total deficit of FFr 5.28bn in 1983, have been inflated in 1984 by special provisions of FFr 4.46bn. These cover above all the cost of prospective large lay-offs and of restructuring plans in the Unimetal long products and Ascometal special steels subsidiaries.

Operating losses last year fell to FFr 3.64bn from FFr 4.68bn in 1983, and the company is forecasting a further decline in losses this year.

The size of the overall loss for 1984 — which contrasts with forecasts circulating up to now of a deficit of around FFr 5bn — seems to reflect a decision to strike maximum provisions for last year to try to "clean up" Sacilor's balance sheet and improve results in coming years.

Sacilor and Usinor, the other state steel group which has not yet declared its 1984 results, are to receive FFr 5.7bn in state capital injections this year after FFr 5.5bn in 1984.

Total financing, including low cost loans from state-backed financial organisations, will come to FFr 10bn this year, compared with FFr 11bn in 1984.

To bring down their financial charges, the two groups for some months have been suggesting further state help in the form of measures to convert debt into equity.

The French government has also confirmed that it will be maintaining overall aid to the steel groups at around FFr 10bn a year in 1986 and 1987 in a programme liked to streamlining and capacity cuts. Continuing state steel subsidies for this year were authorised by the EEC at the end of March on condition that capacity was trimmed further.

Sacilor stressed in a statement that the extraordinary provisions of FFr 4.46bn—compared with only FFr 600m in 1983—partly reflect costs that will be met in coming years.

This particularly reflects the lay-off and social measures connected to the latest government steel cuts plan. The provisions package also includes the extra costs of changes in accounting methods covering the impact of exchange rate fluctuations on foreign currency loans.

Wartsila profits up 45%

BY OLLI VIRTANEN IN HELSINKI

WARTSILA, the Finnish shipbuilding and engineering company, has registered a 45 per cent increase in profits to FM 723m ($111m) for 1984. Turnover rose by 15 per cent to FM 6243m.

The net result is mainly attributed to a large number of ship deliveries last year, including the Royal Princess, the world's largest cruise liner ordered by P & O.

Apart from specialising in cruise liners and other passenger vessels, Wartsila has survived the rough seas of the shipbuilding world by penetrating the icebreaker market and tapping the Soviet demand for ice strengthened vessels.

Orderbooks at Wartsila shipyards now have a total value of FM 6.8bn, of which some 60 per cent is destined for the Soviet Union. Domestic orders and other western countries share the rest.

Shipbuilding accounts for 59 per cent of turnover. But the figure is coming down, giving more room to diesel engines, forest industry machinery and porcelain.

Wartsila's profits will probably not reach the same level this year, says chairman Mr Tankmar Horn. He has already indicated that in 1985 Wartsila will probably "take a breather" in order to bounce back in 1986.

Recovery at Dollfus-Mieg

BY OUR FINANCIAL STAFF

DOLLFUS-MIEG, the French textilegroup, pressed home a strong recovery last year, lifting net profits to FFr 70m ($7.2m) from the FFr 30m returned for 1983.

The result, achieved on a good rise in sales, is way ahead of the company's forecast. It had publicly estimated 1984 profits to emerge at FFr 54m.

Sales last year rose by 12 per cent to FFr 5.98bn, but within this upturn actual sales volume improved by only 3 per cent. The group's major lines are thread and fabrics for ladies wear.

Dollfus plans to increase its capital base. Proposals are to be put to the forthcoming annual meeting. They will include either a share issue or some sort of bond offering.

Until recently the company was a heavy lossmaker, notably through the difficulties of its Texunion fabrics division. In 1981, Texunion lost FFr 90m and was FFr 30m in the red two years later.

Roughl ya third of last year's sales arose in France. West Germany is a major market, and so is the U.S.

Tax trims net at Stet

BY ALAN FRIEDMAN IN MILAN

STET, the Italian state-controlled telecommunications holding company, is expected to report L430bn ($215m) of consolidated net profits for 1984. The 1984 result, struck on Stet consolidated revenues which were 18 per cent higher at L12,500bn, is lower than the L480bn on net profit for 1983. But it is understood that the reason for this slight decline reflects higher taxes and a larger proposed 1984 dividend payment.

The company, which forms part of the IRI state group, controls subsidiaries which both provide telecommunications services in Italy and manufactures telecommunications and electronic equipment. In 1983, for the first time, all of Stet's subsidiaries either made profits or broke even.

The official Stet balance sheet will only be made public in May, but it is expected that the parent company will show a L280bn net profit, against L342bn for 1983. Again, fiscal reasons are behind the lower level. Stet's 1983 results, and the continuing level of profitability, represent an almost fourfold increase on the level recorded in 1982.

In particular, the SIP domestic telephone and Italcable overseas telephone subsidiaries have contributed to the group's improvement.

Between now and 1989 Stet is planning to invest more than L29,000bn in new telephone and telex systems, in defence subsidiaries and in the SGS-Ates microelectronics subsidiary.

Eurofima borrowings up

BY JOHN WICKS IN ZURICH

EUROFIMA, the joint stock company owned by 16 European national railways, raised the equivalent of SwFr 1.8bn ($682m) in medium and long-term financings in 1984, an increase of more than SwFr 550m from the previous year.

Of this total, SwFr 611m were used for refinancings and SwFr 1.28bn were made available for the purchase of rolling stock by the company's shareholders.

In its 1984 accounts Eurofima reports a net income of SwFr 27m, up by SwFr 2.6m, and proposes to pay a statutory dividend of 4 per cent on the paid in capital of SwFr 250m.

The main function of the company, based in Basle, is to act as a financing instrument for the railways. In recent years it has financed about a quarter of its shareholders' annual investments in rolling stock on terms better than the railways could have achieved on their own.

In 1984 Eurofima's share capital was raised by SwFr 250m to SwFr 750m, to maintain the ratio between equity and borrowings. The balance sheet at the end of the year listed rolling stock valued at SwFr 7.9bn, or more than 86 per cent of total assets

French software group eyes bourse listing

BY DAVID MARSH IN PARIS

Jean-Louis Moineau: profitability will have to improve first

THE FRAGILE earnings capacity of France's computer services and software companies has been underlined by results from SG2, the No 2 French group in this industry, which saw net profits fall last year to FFr 10m from FFr 24.6m ($2.54m) in 1983.

M Jean-Louis Moineau, the chairman, says the company—at present majority-owned by its staff—would like to make its entry on the Paris bourse over the next few years, but acknowledges that profitability will have to improve first.

SG2, which has built up considerable expertise in a range of activities including electronic banking, videotex, and office automation systems, registered turnover of FFr 1.3bn, up from FFr 1.2bn in 1983.

The company is trying to develop a new speciality in providing services ranging from consultancy to full software packages for manufacturing companies installing robotised production processes and machining systems. Turnover in this field—where SG2 has orders from Peugeot, Aerospatiale and Alsthom Atlantique—is expected to double this year to around FFr 100m.

Including the full turnover of outside companies in which SG2 has a minority stake (and exerts management control), total group sales last year came to FFr 1.6bn, up from FFr 1.4bn. The 13 per cent increase mainly reflected the takeover in mid-year of Ordina, the middle-ranking computer service house, which had sales of about FFr 120m.

The French computer service industry—supplying equipment, skills and consultancy advice for data processing users ranging from banks to government departments—is Europe's most important. But it has been hit hard in recent years by the Socialist government's price controls, which have imposed a particular severe squeeze on companies in the service sector.

According to a recent study from Syntec Informatique, the French computer service sector's professional association, overall profits in the field last year were hardly changed from the 0.9 per cent of turnover registered in 1983 — a sharp fall from 1.7 per cent in 1982.

The fall in profits was suffered in spite of an overall 21 per cent increase in estimated turnover for the sector.

The exception to the sluggishness of earnings has been Cap Gemini Sogeti, the No. 1 computer service group which registered a 31 per cent increase in profits to FFr 95m last year on sales of FFr 1.8bn.

The main difference, however, between SG2 and its higher-flying rival is that Cap Gemini Sogeti has profited considerably from booming U.S. operations, which made up 27 per cent of total sales last year.

SG2, by contrast, has no activities at present in the U.S. The company, which was set up in 1969 by M Moineau and other associates previously working for Aerospatiale, the aerospace group, was originally owned 80 per cent by the nationalised bank Societe Generale.

Although the bank's stake has since dropped 44 per cent and the proportion of the company's sales carried out with the bank to 20 per cent, U.S. legislation forbids the carrying out of industrial activities by companies owned more than 25 per cent by financial organisations. This forced SG2 to sell its U.S. subsidiary in 1983 — an operation which enabled the group to realise exceptional profits that year but which none-the-less left a hole in its international strategy.

At present, foreign activities make up about 15 per cent of SG2's sales, contrasting with 58 per cent for Cap Gemini Sogeti. M Moineau would like to increase the proportion to 20 to 25 per cent by the end of the decade, by which time he believes SG2 has the potential to reach turnover of FFr 3bn.

Apart from examining way of making a re-entry into the U.S., where the setting up of a specialist company to handle software for electronic banking or production automation is a possibility, M Moineau is placing his hopes on expansion within Europe.

It still has a number of activities in developing countries, with majority or minority owned subsidiaries in the Ivory Coast, Gabon, Egypt, Taiwan and Singapore.

M Moineau is also looking to expand in the UK, possibly by teaming up with local computer service companies. Last year it won an order to provide software for an on-line retail payment system being set up by the Anglia Building Society and the UK computer group ICL.

M Moineau stresses that reorganisation of the company's activities last year, including the divestment of peripheral operations such as a printing subsidiary, was an overall dampener on growth and earnings. But he singles out price controls as a particular impediment. Last year, 100 per cent of turnover was subject to controls limiting price rises to 4.5 per cent. Partial lifting of restrictions will reduce the proportion of sales falling under the controls to about 50 per cent this year—but with a lower price rise limit of 3 per cent.

Alan Friedman on the offshore ambitions of a land-locked group

Micoperi plans giant floating crane

THINK OF the offshore oil industry and any number of images come to mind: Wave-splashed platforms in the North Sea, exploration ventures off the coast of China, or engineers dashing from helicopters in Aberdeen. A less likely image would be the commercial streets of land-locked Milan.

But it is in Milan, that most Central European of Italian cities, that plans are being hatched by a little-known company to launch, within two years, what could be the world's most powerful floating crane for offshore oil use. Micoperi, a privately-owned company which employs 500 people and started life in 1946 as a salvage operator (working to free Mediterranean shipping routes from vessels sunk during the Second World War), is spending L485bn ($242m) to build the huge, semi-submersible vessel.

When the 190 metre-long Micoperi 6000 is complete, the company expects to put it to work immediately in the North Sea and then to double its turnover, which at present amounts to around $100m a year.

The story of Micoperi's plan to offer the offshore oil industry a barge capable of raising loads up to 12,000 tonnes is a classic example of Italian ambition, the same kind of enterprise which sees obscure Abruzzo knitwear companies travelling to Peking to sign contracts with China. The financing techniques being used by Micoperi also illustrate Italian flair and the ability to secure sizeable government aid.

Micoperi is an offshore contracting company with offices in 11 countries. Although relatively small it has scored some notable successes in the offshore sector, best known for companies such as McDermott and Brown & Root of the U.S., Heerema of the Netherlands and ETPM of France. The company was started by Dr Giovanni Makaus, a former naval officer, and is 75 per cent-owned by Dr Makaus and an Italian partner. Swiss investors hold the remaining 25 per cent of the unquoted business.

Among Micoperi's early successes was a prominent role in the unblocking of the Suez Canal after 1956, the 1959 construction of the first offshore platform ever built in the Gulf (for the Government of Iran and Agip, the Italian state oil group, and more recently the construction of two platforms in Ireland's Kinsale offshore gas fields, south of Cork.

Close to bankers

Micoperi is based in Milan, rather than at a port such as Genoa for only one reason: finance. "We had trouble obtaining finance from the banks in the early days because salvage companies had a bad name. So we came to Milan to be close to the bankers," recalls Dr Makaus.

Planning for the Micoperi 6000 semi-submersible crane vessel (SSCV), which will carry two giant hoists capable of raising loads of 6,000 tonnes each, got under way in earnest last year when the company formed a new subsidiary to handle the financing. The subsidiary, Micoperi Offshore, was formed with an initial capital of L5bn which by this autumn is due to be increased to L90bn. Micoperi itself will retain a 51 per cent stake in the venture, while British, Italian and Norwegian investors are to provide the balance.

So confident are Micoperi and its bankers about the crane, with its advanced hull capable of a 30 metre draught, that financial arrangements have already been completed. The vehicle, which will be built by Fincantieri, the state-owned shipbuilder which is part of the IRI state holding group, is due for delivery in 1987.

While Micoperi and its partners will supply L90bn toward the L485bn project, the Italian Government has been persuaded to make over L155bn in grants from the Ministry of Merchant Marine Affairs. The remaining L240bn of funds required is to come in a seven-year medium-term loan from IMI, the state corporate finance institution.

Normal gearing considerations appear not to concern Micoperi or its financiers, in part because the company is generating plenty of cash flow (it last year won $100m worth of orders for the installation of two offshore platforms in Libyan waters) and in part because it claims to have only L30bn of debt at present.

But most significantly, Dr Makaus says the crane, which will be able to carry out construction work in force eight gales without anchors, is already attracting enough orders to ensure that it will be commercially viable. "The only reason we cannot actually sign contracts is that we are not sure of the exact month when it will be ready," he says.

Diesel submarine

To accompany the crane, Micoperi is developing a small diesel-powered submarine which will be used for rescue and inspection purposes. The submarine is being built for Micoperi at a factory in Bergamo, the historic town located 20 miles north-east of Milan in the foothills of the Alps. The submarine, to cost L20bn, is being financed by IMI and by grants obtained from the European Community. Dr Makaus claims that it will represent a technological innovation because of its closed-circuit diesel system, able to provide energy at depths of 350 metres.

"In terms of turnover we are not a very big company," says Dr Makaus, "but in terms of technical skills we would like to think we are among the best."

Wildcat well may hold 1bn barrels of crude

BY JOHN McILWRAITH IN PERTH

A WILDCAT well in Australia's remote Canning Basin, where drilling began at the weekend, is attracting unusual interest in the oil industry because it is testing one of the biggest structures mapped in recent years.

East Yeeda No. 1, which links oil majors such as BP, CRA, and Gulf Oil in partnership with four other Australian companies, was moved into a structure with the potential to hold up to a billion barrels of oil.

If the standard fifth of this was recoverable, it would add nearly 10 per cent to Australia's crude oil reserves.

Such estimates are not the euphoria of a stockbroker, but based on careful reservoire calculations made by the participants. Industry officials say the results will be watched with particular interest because no previous wells have been drilled into a structure of this size, in this basin, with the benefit of modern seismic definition.

Tha biggest interest in the well—in the north-west corner of the Australian continent—is held by Eagle Corporation, which was the original holder of the permit area EP-114.

It now holds 21.5 per cent, having recently sold 4 per cent each to Bridge and BP for A$1.7m (US$1.16m), CRA has an option over another 9.5 per cent held by Eagle, for which it will pay A$2.45m.

At present Bridge, BP and CRA each hold 20 per cent, Gulf 15 per cent, and two other Australian companies, Victoria Exploration and Balmoral Resources, 1.75 per cent each.

The Canning Basin is regarded as holding good prospects, with two small producing oilfields, one only 12 miles from the East Yeeda drill site, and many promising oil and gas shows. However, a major discovery has always appeared to be just beyond reach.

The industry is particularly enthusiastic about this target not only because of its size, but the apparent absence of disruption in the geological structure which at least increases the chances of an oil reservoir. It occurs in two horizons, the Grant and the Anderson, with possible hydrocarbons in sands with thicknesses of up to 400 ft and 427 ft respectively. In the Grant, the structure covers an area of 11,000 acres, in Anderson 6,000 acres.

The well will be deep, more than 11,000 ft, but being onshore is cheap to explore — about A$3m, compared with the extensive offshore exploration programmes that have been carried out in Australian waters.

Hong Kong court commits George Tan to full trial

BY OUR FINANCIAL STAFF

MR GEORGE TAN, the former chairman of Carrian Investments, and four associates were committed to trial yesterday by a Hong Kong court after a six-month preliminary hearing established they had charges to face concerning the collapse of the property and shipping group in 1983.

Mr Brian Suttill, the magistrate who has heard the case, ruled that Mr Tan and Mr Bentley Ho, a former Carrian director, should stand trial with Mr Richard Wallis, a solicitor, on individual charges of conspiring to defraud shareholders and creditors of Carrian over the sale of a building.

In addition Mr Tan, Mr Ho and two Price Waterhouse accountants, Mr David Begg and Mr Anthony Lo, face charges of conspiring to defraud by making false and misleading statements.

All the charges are denied by the defendants, who are on bail. The full trial is expected to begin in October.

Mr Suttill rejected a Crown request that bail for Mr Tan—set at HK$52.1m (U.S.$6.7m)—be revoked.

Carrian was put into liquidation in October 1983 with debts reaching an estimated HK$10bn. Its main creditor, Bank Bumiputra of Malaysia, which had an exposure to Carrian of some HK$8bn, had to be rescued last September as a consequence.

Raleigh Cycles in bid for Cold Storage Malaysia

BY WONG SULONG IN KUALA LUMPUR

RALEIGH CYCLES of Malaysia, a property and bicycle company, yesterday announced a 110m ringgit ($44m) takeover bid for Cold Storage Malaysia (CSM) through a share exchange offer.

The move is seen as part of an ongoing exercise by Mr Daim Zainuddin to rationalise his business interests following his appointment as Malaysia's Finance Minister last July.

Through his family company, Taman Maluri, Mr Daim has majority control over Raleigh Cycles, while another of his family companies holds a 29.6 per cent stake in CSM.

Raleigh will offer two new shares valued at 2.25 ringgit each for every one of the 47m shares of one ringgit each in CSM. The new Raleigh shares will not, however, be entitled to a one-for-two scrip issue and a one-for-one rights issue approved by shareholders last week.

CSM, which manufactures food and allied products and operates a chain of supermarkets, made net profits of 3.4m ringgit on a turnover of 75m ringgit for the year to January 1984.

Raleigh also announced its results for the year to January 1985, which showed a drop in pre-tax profits to 9.4m ringgit from 29.9m ringgit. The fall was largely due to a slowdown in sales of residential properties.

RESOURCES REVIEW

Chilean copper: investors hold back in spite of low costs

By Jane Monahan

STORM CLOUDS are gathering in Chile, the world's biggest copper producer.

The government of General Augusto Pinochet is committed to raising copper production, and even to doubling it during the 1990s. But a disagreement is growing over who should be responsible for the increase — Codelco, the state-owned copper corporation, or private foreign companies.

Codelco, which favours a nationalist approach, would like the increase to be covered by the state. The corporation has ambitious plans to raise production in the country's largest mines, which are also state-owned, Chuquicamata, El Teniente, Andina an d Et Salvador — from an output of just over 1m tonnes last year to 1.5m in 1993.

Codelco believes this expansion is viable. Copper prices in dollars may be at their lowest level in 50 years, averaging 60 (U.S.) cents per copper lb. However with production costs in Chile of only 45 cents a lb, and wilb Codelco's 26,000 mineworkers earning just one tenth of what U.S. copper mineworkers earn, Codelco has floated when others have sunk. U.S. copper producers spent much of the last year campaigning for tarriffs against Chilena copper.

In 1983 Codelco made oet profits of $220.6m. In 1984 il earoed $140m. Other Third World producers (Zaire, Zambia, Peru, the Phillippines) where production costs averaged 60 cents a lb, barely broke even. In the U.S. where production costs are 75 cents per lb copper miners are running at a loss.

But for Codelco to realise its plans, a much higher proportion of its profits would have to be spent on capital investments than is currently spent. As it is, there is resentment among the nationalists over the way in which the Pinochet Government is allegedly milking the corporation dry, in order to prop up Chile's teetering economy. Chile relies on Codelco for 46 per cent of its foreign exchange.

And, for the last eight years, Codelco has paid out an average of $600m in taxes a year, nearly all of which bas been consumed to pay the government's interest payments on tbe country's $20bn foreign debt.

This syphoning off of the Corporation's resources has been possible because authorisation for Investments in the state-owned mines now no longer depeods on Codelco, but on a recenlly created Chilean Copper Commission.

The Commission is also responsible for authorising foreign investment projects. And together with the Ministry of Mines and the Mioistry of Finance, il would prefer the increase in Chile's copper production to be accounled by foreign private enterprise, not by Codelco.

The commission's free market, open door approach has found its strongest expression in a series of mining investment decrees. These offer what one international company calls "an array of almost irresistible enticements and guarantees."

Under these decrees, no limit is set on the exploitation of mining concessions by foreign companies. Compensation is also guaranteed in the event of nationalisation by a future Chilean government.

As a result, foreign companies rushed back to Chile in the mid-1970s with as much enthusiasm as the oil companies had shown when they catapulted themselves into the mining business at the end of the same decade.

But the euphoria flagged. In 1982 Chile's copper production had increased, from 902,000 tons in 1974 to 1.2m tons. However, most of the growth was accounted for by the state mines. The growth in the private sector was only 68,000 tons.

The poor performance of the foreign investment policy began to be a matter of serious concern. Out of five major copper projects defined in 1976, substantial foreign investments bad only been committed in one project at the end of 1982, and since then the situation has hardly changed.

The one major investment was in the La Disputada de la Condes mining complex outside Santiago. However, initial plans by Exxon to invest a huge $1.2bn in 1977, have since been scaled down to $560m, and to tbe development of La Disputada's underground mine only.

But by far the biggest source of disappointment centres on the 1.7bn-ton La Escondida deposit in the northern Itacama Desert—a pearl among copper projects.

The La Escondida project ground to a halt almost as soon as Getty Oil and Utah Mining, the first joint partners in the venture, drew np plans to bring the mine to production.

Robert Hichman, director of Latin American investments for Utah Mining, says studies were completed in 1983 for taking La Escondida to production on an open-pit basis, working on some 545m tons of near surface ore, with a high 2.19 per cent copper grade. He says production could have started in 1989, at estimated costs of US$1.5bn.

Foreign companies attribute the delays in investing in Chile to the long periods required for mining investments — for instance La Escondida involves commitments of 40-60 years — and the depressed state of mineral prices. The oil companies have also recently realised their mistake of having moved into copper mining in an oil glut, only to find they had hit a copper glut as well. Many oil companies began to shed their mineral assets. Texaco, which acquired a 50 per cent interest in La Escondida when it bought Getty Oil early last year, is now looking for a buyer.

This leaves Australia's giant mining conglomerate, Broken Hill Proprietary (BHP) in charge of the project. BHP acquired a 50 per cent stake in La Escondida when it purchased the Utah International subsidiary of General Electric of the U.S..

BHP has indicated that it is not prepared to launch La Escondida on its own. But, so far there have been no new private bidders. This has raised the possibility that one of Chile's State enterprises, such as Corfo, the development agency, or Codelco might step in. But if this happens it would be a watershed in relations between the present Chilean government and foreign companies in the country's copper industry.

Even if the ownership problem is resolved, a decision still has to be taken on whether or not to go ahead with the project.

Political considerations must be powerful. The tendency to bring copper mines under national control has been stronger in Chile than in any other copper producing nation. And even though General Pinochet was quick to compensate the U.S. copper companies (Anaconda, Kennecott and Cerro Corporation) for the nationalisation of their Chilean assets by the government of President Allende in 1971, he has never publicly mentioned the possibility of these mines being returned to the private sector in the 12 years he has been in power.

For the more sanguine observers, the very generosity of the Pinochet governmnet's decrees seems to conspire against their long-term credibility: it would be extraordinary if a government replacing the present one were not to seek substantial changes in the rights and privileges offered investors.

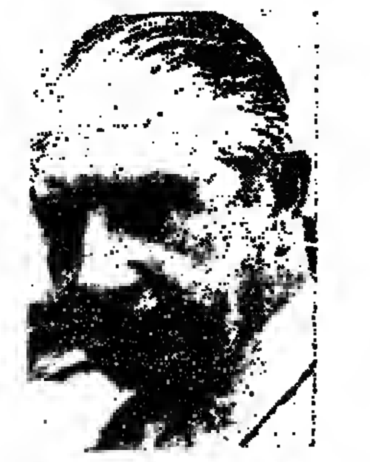
There are also potential marketing problems. Simon Hobson of Metals and Minerals says if La Escondida is brought on stream, with an output of 200,000 tonnes a year, as originally planned, then the terms in the world's smelting market for the treatment of unrefined copper could drastically change, with the increase in supply favouring the smelting companies and raising costs for copper producers.

The confidence of the foreign companies is also affected by the fact that in 1973, when Chile last had an elected government, production costs in the copper industry omounted to 75 cents a pound, and Chilean mineworkers were among the country's most privileged.

FOREIGN INVESTMENT IN CHILE'S COPPER INDUSTRY

Project	Agreed investment ($m)	Committed investment/ by 1982 ($m)	Developments since 1982
Quebrada Blanca	500	25.9	Indefinitely postponed
Los Pelambres	1500	55.4	Indefinitely postponed
Cerro Colorado	500	4.4	$250m financing recently negotiated, but Rio Algom, majority shareholder, undecided about go-ahead
Disputada	1200	564	Development scaled back to $560m underground project
La Eschondida	1500	29.7	Texaco seeking buyer for its stake. BHP unwilling to press ahead without a new investor

Source: Chilean Copper Commission 1982 annual report and various reports



President Augusto Pinochet

FINANCIAL TIMES SURVEY

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MACAO

The visit to Peking next month by Portugal's President Eanes marks the prelude to talks on how Macao will eventually revert to Chinese control. In the meantime, the territory has entered a period of rapid political and economic development.

Macao: poised for a period of rapid economic growth

China assumes stronger role

By DAVID DODWELL, Hong Kong Correspondent

PORTUGAL'S COLONIAL control of Macao, the tiny enclave on China's southern coast, began in the 16th-Century. It is unlikely to survive into the 21st-century.

As officials, together with local Chinese and Macanese, turn their minds somewhat reluctantly to the implications of reintegration with China, the territory has entered a period of rapid political and economic development.

The economy grew by more than 9 per cent last year in terms of gross domestic product. Major infrastructural spending has begun to bear fruit. Foreign investment is starting to rise — *from China* as well as further afield — and plans are afoot to attract more foreign banks into the territory.

First step

In this encouraging context, the visit to Peking in May by Portugal's President Eanes will be a first step towards talks on how this Portugese-administered territory (Lisbon has for a decade dropped any claim to sovereignty over Macao) will in due course revert to Chinese control.

China's diplomats, flushed by the successful completion of negotiations with Britain over the return of nearby Hong Kong to Chinese sovereignty when Britain's colonial leases run out in 1997, are confident that "the Hong Kong solution" can be applied equally successfully to Macao.

They are, however, in no hurry to settle matters. They have said they will tackle the issue "when the time is ripe" —a phrase that will echo in the ears of Hong Kong citizens as they recall the first tentative Sino-British discussions in 1979.

A major difference is that the Portuguese, who first settled in Macao in 1557, face no awkward deadline like that faced by their British counterparts in Hong Kong—who held a 99-year lease on most of the territory which expired in 1997.

With nothing to force matters to a head, the implicit understanding for several years has been that the Portuguese can continue administering Macao *as long as they do it well.* President Eanes' visit is likely to make it clear that this understanding no longer exists.

Recovery of sovereignty may not be imminent, but a timetable is about to be set. One clear result of this change is that Peking's involvement in Macao is becoming more direct and more visible. Nam Kwong, *China's diplomatic and trading* arm in the territory, has with other China-linked organisations taken a more active role in keeping the peace between Macao's squabbling political factions.

They are taking a closer interest in economic development, with a growing number of joint ventures being formed both in Macao, and in the nearby special economic zone of Zhuhai.

This growing involvement was amply demonstrated last spring, when Governor Vasco de Almeida e Costa dissolved the legislative assembly after months of dispute with local political *groups* over constitutional powers.

The Governor called elections in which he broadened the franchise for the first time to give the local Chinese—who make up 97 per cent of the population—the major say in the outcome. He said he wanted the assembly to be more representative.

Nervous

Peking was nervous about *this broadening of the franchise.* It has no enthusiasm for the "adversarial politics" typical in western democracies, and has in the past been perfectly happy for politics to remain a game that the Portuguese play.

Moves were promptly taken, firstly to make sure that the newly-enfranchised Chinese voted appropriately, and secondly to persuade the Portuguese to end their squabbles.

Both the Governor, and Dr Carlos Assumpcao, Macao's most influential local politician, were invited to Peking for private talks. There have been no further clashes since the Assembly reconvened in October.

Despite the squabbles, Governor Almeida e Costa's period in office is likely to be remembered as one of the most effective in Macao's recent history. After administrations better known for talk than action, he has forced through major improvements in the territory's infrastructure.

Macao now has sufficient electricity to meet any foreseeable needs, has direct international telephone links, and has a deep water port under preperation.

Resources are now being shifted to improve housing, hospitals and schools. He has built white elephants — like roads that go nowhere, schools with no local population, and a 100 ft high monument supposed to symbolise no one quite knows what, but the action in its own right is revolutionary for Macao.

It is an open secret that the Governor harbours ambitions to become Portugal's President, and at one *stage* nurtured hopes that his work in Macao could provide a springboard for the elections to be held next year when President Eanes stands down.

It has now become clear that he has no practical hope of bidding successfully for Presidency in 1986, but it is almost certain that he is planning his best strategy for ensuring a successful assault when the next opportunity arises.

Some analysts have suggested that this will mean he will want to return to Portugal in autumn this year. However, since it is *far* from clear at this stage who will succeed President Eanes, the Governor may feel the best policy is to remain in Macao for a further two years before making a move.

Since any change in Governor usually involves a major upheaval in the senior ranks of the local administration, it is understood the Chinese would prefer him to stay.

Orchestrating Macao's economic planning until the end of last year—and responsible for many of the changes to the Governor's credit—was the Economics Secretary, Dr Joao Antonio Costa Pinto, acknowledged as one of the most able technocrats ever to fill the portfolio. By building up the local monetary authority and improving the regulation of banking and financial activity, he has laid the foundation for Macao to be a credible offshore banking centre.

New licences

A group of foreign banks were given licences to operate locally two years ago, and new licences are soon to be offered once amendments to the existing banking ordinance have been completed. With Hong *Kong just 40 miles away, Macao* is unlikely ever to become a major offshore banking centre, but it is well placed to take an important part in financing the development of southern China.

The recent return to Portugal of Dr Costa Pinto has raised questions over whether the momentum for such reforms can continue. His successor, Dr Luis Simoes, has, after four months in office, yet to make his mark as an equally able economic planner.

Officials in *Macao remain* sensitive over the territory's subordination to Hong Kong. For many years, all contact with the outside world has been through Hong Kong. Almost all foreign investment was Hong Kong investment, making the territory vulnerable to any setback in the British colony.

This has irked the administration, and has without doubt frustrated attempts to speed development. Since Hong Kong's *property* crash in 1982, and the subsequent two years of political uncertainty surrounding Sino-British negotiation of Hong Kong's future—both of which took their toll in Macao—the commitment to reduced dependence has been redoubled.

This has brought benefits—most obviously the improvement in telecommunications—but it has led to discussion of some fanciful projects. Most obvious are proposals for an international airport, to be built on reclaimed land.

This plan now seems to have been dropped, though talks continue with *the nearby Chinese* economic zone of Zhuhai on the possibility of a jointly funded airport. The viability of even this project is questionable.

Back door

It is becoming increasingly clear that Macao's future is—like that of Hong Kong—inevitably locked into that of China. As economic development on the mainland accelerates, particularly in the Pearl River Delta area that forms Macao's hinterland, so the territory seems poised for a period of rapid economic growth.

As one American businessman recently observed: "If Hong Kong is the front door to China, then Macao is the back door. There are a lot of countries around the world who envy them for that—whatever the worries about eventual integration with the mainland."

CONTENTS

Diversification moves at slow pace

Economy
DAVID DODWELL

MACAO'S CORNERSTONE policy of economic diversification may not be moving as far nr as fast as the Government would like, but there can be no complaints at the pace at which the economy has grown over the past year. Most signals remain encouraging for the year ahead.

Efforts to reduce dependence nn textile exports have not been completely in vain. They now account for 70 per cent nf total exports, compared with about 74 per cent at the end of 1983. At the same time, exports to the U.S. have swollen to account for one third nf the territory's total, putting into reverse attempts to diversify into new markets in the Middle East and Asia.

Most visible progress has been made in efforts to reduce Macao's dependence on nearby Hong Kong. Officials in the Portugese-administered territory insist that they are not seeking indcpendence—merely to develop Macao's links with the nutside wnrld to the extent that it is no longer swept along at the mercy of whatever economic tide is flowing in Hong Kong.

This has been particularly important over the past three years, which bave included a major property market collapse in Hong Kong, and severe political uncertainty linked with Sino-British negotiations over Hong Kong's future once Ghina regains sovereignty in 1997.

The large proportion of government funds bave been spend in Macao over the past two years nn transfurming the infrastructure. International telephone calls no longer have to be routed through Hong Kong. Work will soon begin on a deep water port which will allow Macao to ship containers directly to South East Asia or Japan. At the moment, all international cargo has to be carried by barge to Hong Kong for containerisation or transshipment.

Macao atill relies heavily on Hong Kong entrepreneurs for investment in local industry, but improvements in electricity supply, and plans to reclaim land for industrial and commercial development, are already ehowing eigns of enbancing the flow of foreign investment in manufacturing industry.

Macao's economy, as measured by its gross domestic product, grew by about 9.5 per cent last year, according to figures just finalised by the territnry's economics department. This is slightly belnw the 10 per cent growth of 1983, but compares favourably with economic achievements elsewhere in the region.

This growth was largely due to a strong export performance over the year. Exports grew by 29.2 per cent in value terms, to 7.3bn patacas (£776.8m) while imports rose by a more modest 18.2 per cent to 6.4bn patacas. This led to a record surplus nf 920m patacas, which compares with a 250m pataca surplus in 1983.

Surge

The Economics Department attributed the surge in exports to brisk expansion in the U.S. economy, and to a significant rise in orders for textiles after ngreement late in 1983 on new quota limits. Macao's exports to the U.S. amounted to 2.3bn patacas, or 31.7 per cent of total exports. This represented a 47.5 per cent increase in the value of sales over the year. Exports to China also rose from a low level by 78 per cent in 1984.

By contrast, exports to the comparatively dull EEC markets grew by just 17 per cent.

It is unusual for Macao's exports not to follow the pattern of its imports but this has been the case over the past year. This is due in part to a decline in recorded purchases of foodstuffs from China.

Capital goods imports also tumbled during the middle of the year, widening the trade gap, and arousing worries that export growth could not be sustained with declining investment in manufacturing industry. The Government was therefore pleased to report a rally during the final quarter of the year, with the vnlume of capital goods imports rising more than 27 per cent above the 1983 level.

While the possibility of increasing protectionism in the U.S. casts a shadow over prospects for strong growth in textile exports, there are signs that other sectors will perform well. A total of 54 new industrial plants was opened in the second half of 1984 — three times the number opened in any six-month period since 1982.

The territory's embryo electronics industry, which is mostly involved in making cassettes for the European market, has been flat, but new factories opening in the autumn last year — one of them producing software for computerised safety systems in China's mining industry — show the industry is breaking into new ground.

Strongest growth has come in the toy industry, which now accounts for 10 per cent of Macao's exports.

One industry which continues from strength to strength is gambling which still generates 61.5 per cent of all government earnings, and finances the lion'a share of public investment which amounted to 400m patacas in 1984. More than 4m tourists visited Macao last year, 87 per cent cent of them Hong Kong residents, and the great majority there to gamble.

As the programme of beavy public investment in infrastructure comes to an end, and the foondations are laid for many new manufacturers to set roots in Macao, the Government says that a larger proportion of its spending will be for low cost housing, schools and hospitals—all amenities that are in extremely short supply at present.

However, few businessmen are yet confident at Macao's ability to stand on its own two feet. While labour costs are low (about one-third of those in Hong Kong), electricity charges are high, and the cost of getting goods to buyers still comparatively high.

Mr Vitor Ng, head of the territory's export promotion council, speaks for many when he says: "Given equal quality and equal price, buyers will still choose a product from Hong Kong rather than Macao. It is just that bit more convenient." For this reason, many Macao exporters continue to rely on privileges granted under the U.S. General System of Preferences (GSP), or under the quota system.

"It may not be for some time yet, but there will be a day when we have to compete without such privileges," Mr Ng predicted: "That is a day we have to prepare for now." Under the latest Governor, he has few grounds for complaint.

Macao imports [1982-84*]

(m patacas)

	1982 Value	1982 %	1983 Value	1983 %	1984 Value	1984 %
People's Republic of China	1,607.6	36.2	1,928.6	35.7	2,266.5	35.5
Japan	657.2	14.8	794.1	14.7	970.5	15.2
Hong Kong	444.1	10.0	599.6	11.1	759.8	11.9
U.S.	479.7	10.6	502.4	9.3	612.9	9.6
EEC	355.2	8.0	405.2	7.5	459.7	7.2
Taiwan	235.4	5.3	291.7	5.4	376.7	5.9
Others	670.6	15.1	880.6	16.3	939.4	14.7
Total	4,440.8	100	5,402.2	100	6,385.5	100

* Figures adjusted tracing re-exports through Hong Kong to presumed true origin of goods.

Source: Economics Department of Macao.

Macao exports [1982-84]

(m patacas)

	1982 Value	1982 %	1983 Value	1983 %	1984 Value	1984 %
North America	1,085.5	24.2	1,569.4	27.8	2,314.2	31.7
U.S.	1,054.3	23.5	1,502.9	26.6	2,217.6	30.4
EEC	1,713.2	38.2	2,024.7	35.8	2,483.5	34.0
West Germany	537.5	12.0	667.6	11.8	775.4	10.6
France	522.0	11.7	592.9	10.5	748.6	10.2
UK	267.9	6.0	352.6	6.2	492.4	6.7
Italy	190.9	4.3	205.3	3.6	218.5	3.0
EFTA	241.2	5.4	236.0	4.2	256.4	3.5
Asia and Pacific	1,263.5	28.2	1,642.2	29.1	2,115.4	29.0
People's Republic of China	157.3	3.5	212.1	3.8	378.2	5.2
Hong Kong	942.2	21.0	1,243.0	22.0	1,468.8	20.1
Others	176.0	3.9	179.6	3.2	135.6	1.9
Total	4,479.5	100	5,652.2	100	7,305.0	100

Where Macao's exports go

	North America	EEC	Other Europe	Asia/Pacific	Middle East	Other	Total
Textiles/garments	28.8	38.4	4.8	26.2	1.3	0.5	100
Toys	54.0	35.2	1.0	9.3	0.1	0.4	100
Artificial flowers	93.6	4.2	0.2	1.9	0.0	0.0	100
Electronics	14.2	63.5	9.2	21.0	1.0	0.2	100
Leather goods	34.4	31.5	6.8	26.9	0.4	0.1	100
Furniture	32.4	3.4	2.2	59.5	2.0	0.6	100
Ceramics	44.2	18.3	7.1	28.4	1.8	0.3	100
Total exports	31.7	34.0	3.5	29.0	7.4	1.8	100

A much-needed boost to the industry is likely if Macao becomes an offshore banking centre

Proposals for reforms near completion

Banking
BY A SPECIAL CORRESPONDENT

FOR MACAO'S modest banking industry, 1984 was a slow year. The retail market was over-saturated, credit demand eased and an array of related difficulties kept profits slim at most banks. But if reforms now being drafted succeed, then the future promises to be different.

Under a scheme to be made public later in the spring, Macao bopes to launch an offshore banking centre, replete with foreign exchange and money markets, merchant banking facilities and China trade departmants.

It is a gleaming notion, but not a new one. For much of the past two years, authorities in Macao bave talked about reforming the territory's banking industry. Last year, its monetary authority, the Instituto Emissor de Macau (IEM), outlined regulatory and legal reforms aimed at enticing banks to the territnry and fostering growth in the banking sector.

"The potential for the development of the local financial sector beyond its basically domestic role was recognised and a development strategy bas emerged, aiming to transform the financial sector," a senior IEM official told a gathering of international bankers in Macao in November.

Local bankers say the territory's banking industry needs a boost. The number of commercial banks has grown from one in 1970—Banco Nacional Ultramarino—to seven three years ago, and 23 today. These operate 90 branches for a population of about 350,000.

Struggling

Three of Macao's five state-owned Portuguese banks conduct only wholesale business and one, Nacional Ultramarino, functions largely as a note-issuing and reserve-managing agent for the IEM. But the remainder of the banks in Macao are engaged largely in retail banking—and some are struggling to carve out shares of the market.

"It's quite difficult to become a competitor among the traditional banks here," says Mr William G. Cortezia, assistant general manager of Banco do Brasil's Macao office. Last year, its fourth in Macao, Banco do Brasil reported an operating profit of a bare 2,500 patacas (£262) on an operating income of 25m patacas. According to public statements of operating costs and income, two banks—Banco Hang Sang and European Asian Bank—even made losses in 1984.

"This market is oversaturated and the IEM knows that," says an executive at the Hongkong and Shanghai Banking Corporation: "There are plenty of factors that can detract from profits."

Because Macao has no rigid interest-rate structure, banks often cut rates—and profit margins—in their competition for clients. Forward currency contracts for trade financing are difficult to arrange because the IEM requires that 50 per cent of foreign currency payments for goods be remitted to it for exchange into patacas.

The existing foreign exchange and money markets are shallow and generally dependent on Hong Kong's markets. Bankers complain that credit risks are hard to ascertain because many exporters do not keep up-to-date balance sheets.

On top of those factors, credit demand in Macao slumped last year, pushing down the financial sector's 1984 growth rate to 4.5 per cent from 11.9 per cent in 1983.

For these reasons, bankers have welcomed the IEM's plans for reforming the local banking industry: "The IEM is very aggressive on promoting Macao as a new banking centre," says Mr Thomas K. C. Tsang, Citibank's branch manager in Macao "but there is a lot of work to do yet."

Basic indicators

(bn patacas)

	1981	1984
Total banking assets	12	28
Foreign exchange assets	6	15.4
Foreign exchange liabilities	4	12
Domestic credit	3.4	6.4
Money supply (M2)	4.6	8.3

To lure banks to Macao, the IEM has said it will ask the territory's Government to trim or eliminate stamp dnties on banking-related businesses. At present, a value-based stamp tax of 1 per cent applies to foreign deposits.

The IEM also wants to guarantee that taxes on banks would not exceed the territory's maximum corporate tax of 15 per cent, which is already 3.5 per cent less than Hong Kong's maximum.

The IEM has said that offshore banks would be subject to fewer regulatory conditions than banks in Hong Kong. Reporting requirements, although they bave not been firmly determined, would be laxer, and secrecy of bank-client matters would be mandated, to encourage investors to place money with Macao-based banks.

The IEM plans to propose issuing three types of banking licences — commercial, development and offshore:

● Commercial banks would be entitled to full branch operations, including retail business. Conventional requirements such as paid-up capital and maintenance of reserve funds would apply. An IEM official says he thinks that few commercial bank licences will be granted because of the abundance of commercial banks already in Macao.

● To avoid further crowding in the domestic banking industry, the IEM will permit development banks to grant only medium- and long-term loans although they will be allowed to participate fully in interbank markets. The size of deposits development banks will be allowed to accept also will be limited.

The IEM bopes that development banks will concentrate on Macao's growing trade with China and especially with the Zhubai special economic zone adjacent to Macao.

● Offshore banks will be limited to wholesale and merchant banking activities, the IEM said at last November's conference. It wants the offshore banks to develop a fully-fledged interbank foreign exchange market. Using Hong Kong's markets for depth, the IEM also wants offshore banks to promote money market activities, like Certificates of Deposit issues.

Derailed

Last autumn, the IEM said that it hoped to submit its proposals for an offshore banking industry to the territory's legislative assembly by the start of 1985. In December, however, its plans were temporarily derailed.

While the IEM was touting plans for an advanced offshore banking centre, a local money-changer collapsed, prompting an investigation that touched the monetary authority itself.

The moneychanger, Deak and Co (Macau) Ltd, was an affiliate of the troubled Deak-Perera Group of the U.S., Deak and Co (Macau) shut down on December 10, after IEM officials disclosed that its parent company in Hong Kong, Deak-Perera Far East, improperly bad been accepting deposits on behalf of Deak and Co (Macau).

Hundreds of depositors, most of them from Hong Kong, said that they had placed a total of more than U.S.$25m with Deak and Co (Macau), and were able to retrieve none of it. The IEM said that no records of the deposits were kept in Macao and that it knew nothing of reports that Deak-Perera Far East had accepted deposits on behalf of Deak and Co (Macau).

Although the Deak affair hindered plans for creating an offshore banking centre, the IEM now bopes to complete its proposals for banking reforms by early April and to submit them to the territory's legislative assembly and Governor shortly thereafter. Meanwhile, bankers remain optimistic that the idea nf Macao as a banking centre will catch on.

China wields more influence

Politics
DAVID DODWELL

TRUE POLITICAL power in Macao has for some years been wielded invisibly, and by China. That said, the visible side of the territory's politics—waged by Portuguese and Macanese contestants mainly in the legislative assembly—has over the past year provided a colourful spectacle.

Governor Rear-Admiral Vasco de Almeida e Gosta has, as usual over the territory's 400-year history, inflamed the passions of the small local community of Portuguese descent — the Macanese. At the same time, he has steamrollered important changes—with half an eye to using the territory as a springboard for presidency in Portugal when President Eanes steps down next year.

Matters came to a head just a year ago, with the Legislative Assembly being dissolved in uproar—but only after the Governor introduced new electoral laws which he said were intended to make the Assembly more representative of the Chinese community that makes up 97 per cent of the 450,000 population.

Local Macanese politicians called the Governor a dictator, while he complained of corruption and bureaocratic indolence blocking urgently needed economic reforms.

While such clasbes seem to be the stuff of which Macao's history under Portuguese administration has been made—it is not unknown for governors to be murdered — they aroused alarm in China, and prompted swift moves by the territory's true power brokers to restore decorum.

A main reason for discreet Chinese intervention seems to have been concern that disturbanees in Macao might aggravate the neuroses of people in Hong Kong during the final nail-biting months of Sino-Britisb negotiation over the colony's future wben China regains sovereignty in 1997.

While Macao faces no similar deadline, it is almost certain that the two territories will face a similar fate. Peking's tacit approval of greater political involvement by Macao'a Chinese bas not passed unnoticed by Hong Kong's Chinese majority.

Peking was nevertheless understood to be nervous about the electoral reforms being proposed by the Governor, aware that by drawing the erstwhile passive Chinese majority into "visible" politics, he might upset existing power arrangements.

Democracy in Macao had always been a game the Portuguese played, and China was far from certain whether it wanted the local Chinese to learn the rules. It was perhaps no accident that Chinese voters used the polls—through which six of the 17 assembly members were chosen — to return Macanese politicians to power.

The Chinese majority in the Legislative Assembly comes from indirect elections via six "functional coustituencies" — demonstrating China's preference for sectional representation over democracy.

An article in Ou Mun, a local newspaper, after reflecting Peking's views, commented: "For the sake of the stability and prosperity of Macao, we think that Chinese residents should not meddle in the political disputes of the Portuguese."

"The Chinese read the riot act to the Governor and Macao's squabbling politicians — and they got the message," commented one experienced observer. By August, wben most Chinese went to the polls for the first time, daggers were no longer drawn.

The Assembly hes since reconvened, and is to all intents and purposes working normally, thoogh none of the disputes wblcb led to dissolution in February has been resolved.

"Where differences exist, they are now being dealt with behind closed doors," one Macanese said. Governor Almeida e Costa may bave succeeded in drawing more Chinese to the ballot boxes, but the price paid is that the visible side of Macao's politics is becoming rapidly less visible.

Dr Carlos d'Assumpcao, head of the Legislative Assembly up to dissolotion, champion of Macanese interests, and nne of the Governor'a fiercest critics in the constitutional row that brought the eight-year-old assembly to an abrupt end, has become a man nf reason. The row bad been about the Assembly's powers to amend the Governor's decrees without his final approval.

Dissolution, which came hot on the heels of electoral reforms providing equal voting rights for Chinese, Portuguese, Macanese and fnreign residents regardless of how long they had llved in Macao, drew a stnrm of protest.

Macanese politicians talked of the Governor pushing new laws through while the territory was without an Assembly. Only after a visit to Peking did Dr Assumpcao drop plans to boycott the August elections.

The outcome, a product of direct and indirect elections—and appointments by the Governor—was an Assembly in which eight out of the 17 seats were filled by Chinese. Previously, all of the 12 elected seats in the Assembly had been filled by Macanese. If the Governor was genuinely seeking a more balanced assembly, then that is what he had got.

While nothing has been openly admitted, it is understood that a deal had been struck in which Macao's Chinese community leaders promised support for Dr Assumpcan's Electoral Union in the polls in exchange for promises that the bickering would stop.

In the direct elections, 56 per cent of the 51,000 registered voters turned up at the polling booths. This compared with an electoral roll in 1980 of just 4,000 people — almost all of them Portuguese or Macanese. The high turnout was seen to be the result of backroom efforts by the community's Chinese leaders to fulfil their pledge to Dr Assumpcao.

As a result of this careful orchestration, Dr Assumpcao won four of the six seats open for direct election. Not everything went his way, however, since he expected five seats. The wild card was e party callad the Flower of Friendship and Development of Macao (Fadem) headed by Mr Alexandre Ho, which snatched one seat with the support of teacbers, social workers and young professionals.

Fadem provided a worthwhile reminder that while Peking has the power to corral people to the polling booths, it does not bave the power to control the way all of them vote.

The Governor claimed that he was satisfied with the outcome. He said it had broken the link between Portuguese domestic politics and those in Macao. Whether this is true or not, the Legislative Assembly is today an altogether calmer place — even though Dr Assumpcao bas been re-elected its president.

The most significant change has been the emergence — albeit under duress — of Chinese wielding visible as well as invisible power. As one local periodical remarked: "Having interfered in the election by backing one gronp and promoting participation to ensure this group won, (China) now has a more identifiable responsibility for associating itself with efficient and clean administration — not qualities for which Macao is noted."

Trade balance in Peking's favour

Business links with China

TERESA MA

FOR OVER 300 years, Macao was the principal broker and entrepot for China's foreign trade. Established as an outpost for Portuguese missionaries io the middle of the 16th century, Macao, through the traffic in Chinese silks, gold, tea and spices brought great affluence to the territory.

Then misfortunes hit. Macao's anchorages silted up, while internal strife and the political decline of Portugal in Europe brought an end to its predominance in China's foreign trade.

Trade relations betweeo Macao and China never recovered their former colour and scale. In value terms, bilateral trade accounts for just 15.8 per cent of Macao's total foreign trade. Re-exports of Chinese goods through Macao io 1984 plunged from 8.9m patacas (£934,870) to less than 650,000 patacas.

In contrast, and reflecting rapid liberalisation of the Chinese economy, the import of foreign goods destined for eventual sale in China quadrupled to a little over 11m patacas. Official statistics show that direct two-way trade has been growing at 20 per cent a year for the past two years.

The trade balance is overwhelmingly in China's favour with Macao importing 1.79bn patacas worth of goods against exports of only 378m patacas.

Food

Much of what Macao buys from China is food — live animals, vegetables, rice aod even wine. These accounted for about 354m patacas last year, about 20 per cent of total imports. Paradoxically, food imports actually fell in 1984, in large part because of the growing traffic of day-trippers into the mainland.

Many visitors shop at free markets receotly set up by Chinese peasants. Needless to say, food items are markedly cheaper in China than they are in Macao. Apart from food, China provides Macao with vital supplies like water, and since last year, electricity.

Other significant imports are textiles such as silk, wool and cottoo fabrics, which in 1984 amounted to 943m patacas, and construction materials such as sand and stooes valued at 181m patacas.

Textile imports surged by 44 per cent over the year, reflecting a surge in exports from Macao to the U.S., but imports of mineral products and other materials used in the construction industry slipped significantly.

Government officials attribute the decline to stagnation in the property sector, which has over the past two years been affected by Hoog Kong's depressed property market. Since September, when Britain and China reached agreement on the future of Hong Kong, handing sovereignty back to China in 1997, Macao's property market is understood to have begun to move forward, suggesting that linked imports from China may have begun to recover.

Macao's exports to China may be small in money terms, but they have been growing rapidly —by 35 per ceot in 1983 and 78 per cent in 1984. Textiles accounted for the lion's share of exports, about 180m patacas.

Low base

From an admitedly low base, the fastest growth has been in the export of electronic goods, which have surged 20 fold, and electrical machinery, which has quadrupled. Mioeral exports, mostly accounted for by cement, rose by 580 per cent.

With a Sino-Macanese joiot venture now being set up in the electronics sector to sell computer-related products to China, this export trend is likely to continue through 1985 and 1986.

According to Alberto Soares, deputy director of the census and statistics departmeot, cassette tapes at present account for the majority of "electronic" goods imported by China.

Profile of the group representing China's foreign trade

Programme of decentralisation leads to reorganisation

Nam Kwong

TERESA MA

ONCE UPON a time, it was Chinese compradors who initiated and closed deals between Chinese suppliers and foreign buyers established in Macao. In their place nowadays are Chinese cadres who are sometimes better versed in political theory than in the rules of international trade.

China's foreign trade representative in Macao is the Nam Kwong trading group, established shortly after 1949. Over the past three decades, during which time direct trade with China was the prerogative of a handful of privileged foreigners, Nam Kwong had a monopoly of the Macao-China trade.

This monopoly has been eroded as today's Peking regime favours decentralisation of the country's economic structure. It has authorised provincial and municipal governments to set op their own foreign trade representative offices to condnct direct trade with foreigners.

One to emerge recently is Nam Yoet, the trading arm of Guangdong's provincial government. The Zhuhai special economic zone has recently established its own local joint venture, called Zhukuan.

Important

It is impossible to determine whether the erosion of Nam Kwong's monopoly has, at the same time, eroded its business and trading profits. There is no doubt, however, that Nam Kwong's second—and perhaps more important—function as Peking's political representative has remained extremely strong.

Nam Kwong characteristically does not make a show of exerting its political clout, hot its importance has been glimpsed when it has acted as intermediary in recent rows between the Governor, Rear Admiral Vasco de Almeida e Costa, and local Macanese political groups.

As part of Peking's decentralisation programme, Nam Kwong has reorganised its departments into subsidiary companies. In February this year, its textile department became Nam Kwong Textile Co. Apart from subsidiaries which specialise in particular commodities, Nam Kwoog has a cement company established in 1980 with 5m patacas (£525,210) in a joint venture with Macao businessmen.

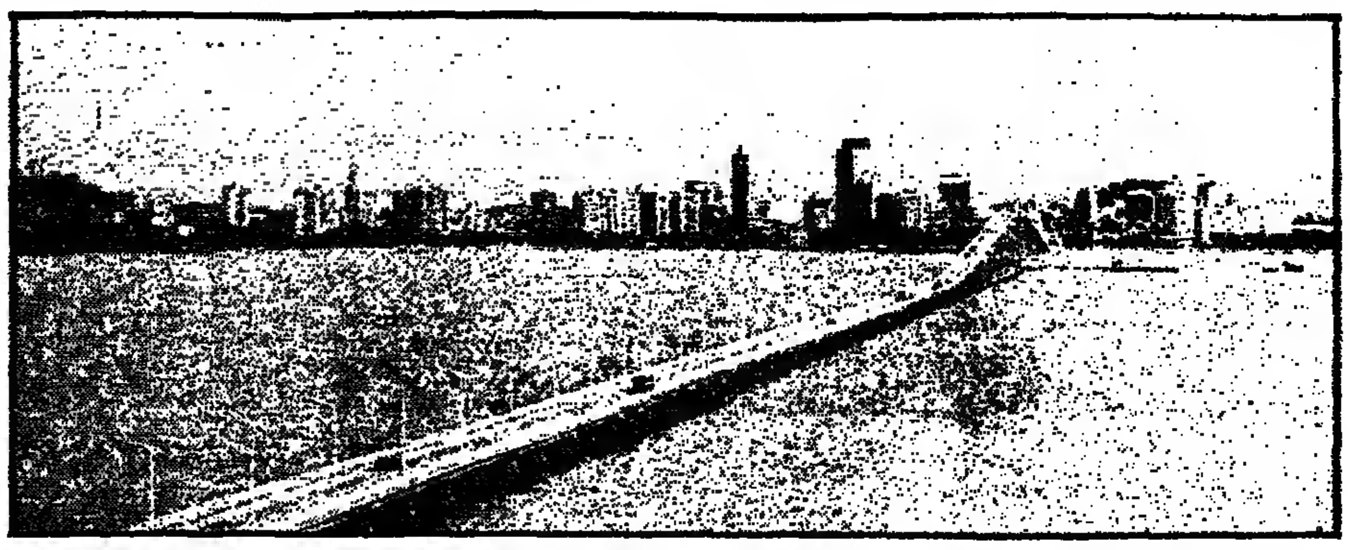
Nam Wweng Arts and Crafts, which has a registered capital of 500,000 patacas, opened in July last year. It operates a department store as well as handling imports and exports.

Nam Kwoog's other major activities include a land reclamation project in Areia Preta, on the north east coast of Macao, and a port development project in Macao's inner harbour. The port will have a container wharf designed to handle np to 10,000 containers a year.

Warehouse

Nam Kwong is also reported to have invested in the renovatioo of a drinks factory in Peking, and in a joint venture with the Zhuhai Government.

Guangdong province's local trade representative, Nam Ynet, was set up in 1981 and operates its own warehouse in the inner harbour. It acts as representative of the three special economic zones in Guagdong province — nearby Zhuhai, Shenzhen near Hong Kong, and Shanton in the north-east of the province close to Fujian and as the provincial tourism agency.



The Macao skyline seen from the hump-backed bridge which links the island of Taipa to Macao

Regional airport planned

Infrastructure

TERESA MA

THE ADMINISTRATION of Governor Rear Admiral Almeida e Costa has its vocal body of detractors. Regardless of the criticism, he is likely to be remembered as the Governor who at last got to grips with Macao's inadequate infrastructure.

As part of a policy of making the territory less dependent on Hong Kong, Macao's telephone oetwork has been modernised, and linked directly to the outside world. Electricity supplies are now sufficieot for industry to evolve rapidly.

Plans for a contaioer terminal and deep water port are beiog given the highest political priority. So too are plans for an international airport — though only the most committed optimists remain convinced that it will ever be built.

Paradoxically, this "independeot" development programme is taking shape at a time of increasiog pressure to integrate the economic development of the Pearl River estuary area. As the mainland Chinese authorities remain committed to "opeoing up to the outside world," so the triangular zone from Macao north east to Guangzhoo (Canton) and south east to Hong Kong will meld into a single major industrial region.

Plans aimed at meeting the infrastructural needs of one area, whether it is Macao, Hong Kong, Shenzhen or Zhuhai, without regard for the needs of the wider area, are becomiog rapidly less realistic.

Macao's "indepeodent" development programme, nevertheless, aims to provide a proper infrastructure for the territory to build up its own direct links with the outside world. Over time, it has come to irk the Portuguese administratioo that shipping and telecommuoications—critically important in this export-oriented economy—have to be handled through Hoog Kong.

As such, some plans have an emotional rather than an economic logic, though this might not prevent their being implemeoted.

Direct dialling

Uoder a concessiooary agreement with the Macao Government signed in 1981, Cable aod Wireless of the UK is oow providing an internatiooal direct-dialling telephone service for the system's 27,500 subscribers.

The new operating company, Companhia Telecommunicacoes de Macao (Telemac), is 75 per cent owned by Cable and Wireless, with the remaining stake held by Radio Marconi of Portugal and CTT, Macao's posts and telecommunications authority. It has a 20-year exclusive franchise for domestic and international telecommunications.

Cable and Wireless estimate that total investment will amount to almost £100m, with half of this to be spent in the first five years of operation. A new digital exchange has been commissioned to replace Macao's 50-year-old system. Last year, a U.S.$2m satellite earth station went into operations, linking Macao with the UK, Portugal and Japan.

Nearly half of the households in Macao now have telephones, aod the number of subscribers is expected to reach 40,000 by the end of 1985, accordiog to Mr Richard Histed, managing director of Telemac.

Plans to improve shipping are running well behind the showpiece telecommunications system. The Government wants to build a deep water port at Ka-Ho on the territory's southernmost islaod of Coloane. It expects to award a contract for the first phase of the port before the end of April, and is negotiating with two French companies and a Greek-led consortium.

The main feature of phase one is a container wharf. At present, the only container facility in Macao is a makeshift one operated by the Chinese-owned Nam Kwoog trading group. Most exports have to be shifted by barge to Hoog Kong where they are put into containers before being re-exported.

The new container wharf will cost about 100m patacas (£10.49m). Local waters are shallow, and major dredging work will absorb much of the cost. Construction is expected to begin by the end of this year.

The scheme may put Macao in direct competition with Zhuhai, the neighbouring special economic zone in mainland China, which also has plans for a deep-water port. It is not known bow China views such competition.

A substantial port in Zhuhai might jeopardise the profitability of the Ka-Ho facility, and provides one of the reasons why prospective contractors have been pressing for a monopoly of container traffic out of Macao. The Government has ruled out any monopoly, but has hinted that it will provide incentives for exporters to use the new facility.

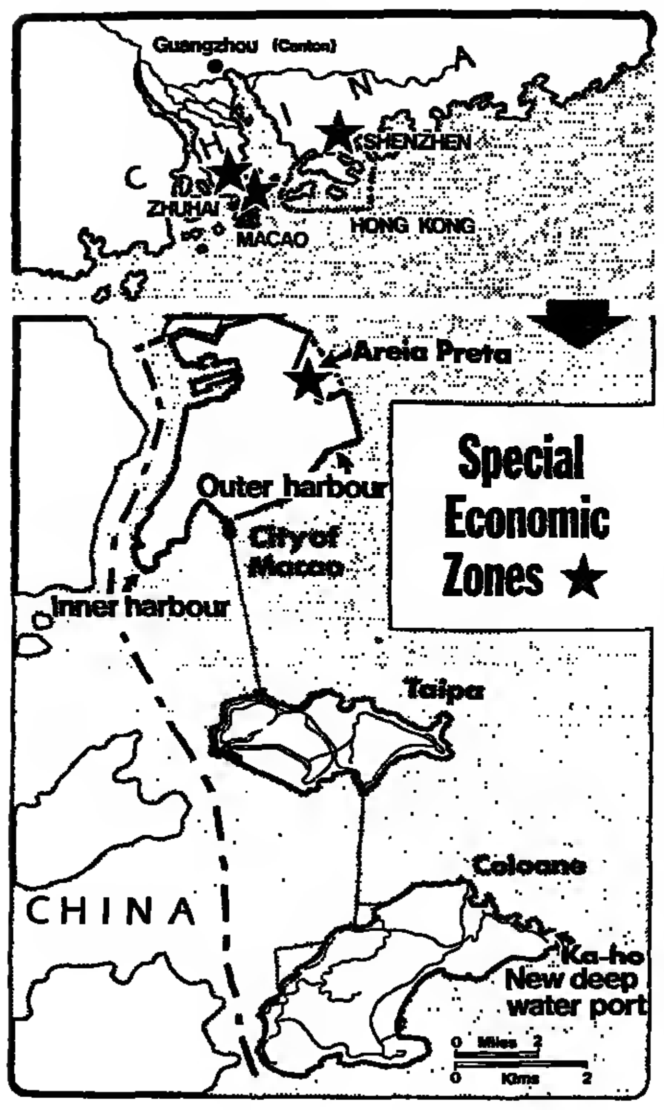
Macao's plans to build an ioternational airport have been scuttled by opposition from Chioa, which has its own dreams of an airport in Zhuhai. Macao needed Chinese support to reclaim land in Chinese waters, and would have needed Chinese approval to fly into Chinese air space.

The outcome is that China aod Macao have agreed to look into the possibility of jointly financing a regional airport to be located in Zhuhai. Macao officials say there are problems on how China will negotiate air traffic rights. Financing difficulties may also aggravate delays.

The present Macao adminstration has ofteo been criticised for its expensive programme of infrastructural investment. This has had the effect of trpling public sector spending since Governor Almeida e Costa took office in 1981.

Infrastructure investment — which has included roads that go oowhere — has not been matched by progress in welfare services, housing, hospitals and education, critics say.

Dr Amilcar Martins, Macao's Secretary for Public Works, rebuts this while at the same time predicting that greater emphasis will in future be put on social spending: "Most of what we have been doing has to be considered for its long-term benefits. Some people, thinking only of short-term issues, find it difficult to understand this type of development approach."



Deng seeks greater industrial growth

Zhuhai

TERESA MA

IT WAS no accident that the Chinese Government sited one of its four special economic zones in the sleepy fishing village of Zhuhai, just across the land border from Macao. In this early stage of its evolution, it will lean heavily on the resources that Macao — and more distant Hong Kong—have to offer.

This is unlikely to remain the case for ever, and it is becoming increasingly important to view China's development hand-in-hand with that of Macao.

Perhaps, not surprisingly, much of the stimulus for growth has come from the more powerful economy of Hong Kong. But at the same time, Macao's business links into Zhuhai are playing an important part in its development. As a result, it is, today, China's second largest economic zone after Shenzhen, near Hong Kong.

The zone is a 15 sq km strip of land in the south of Zhuhai city proper. In 1983, its borders were enlarged from the initial 7 sq km and may be expanded again soon. About 12,000 people live in the zone—just under 9 per cent of the city's total popolation of 138,000.

Zhuhai's contacts with the outside world would start either at its land border with Macao, or in the tiny Jiuzhou harbour. The harbour's rotunda-shaped ferry terminal building serves as a landmark, the first Western-style structure in town. Nowadays, its most striking structure is a ferris wheel—an old model imported from Hong Kong which makes an odd picture against Zhuhai's dark granite hills.

First aim

The first aim in developing Zhuhai has been to improvo communications between it and the outside world. Direct hydrofoil services run several times a day from Hong Kong and Shekou, an industrial district at the western end of nearby Shenzhen. Zhuhai also boasts a heliport which operates occasional passenger flights to the provincial capital of Guangzhou (Canton), and services flights to oil rigs drilling in the South China Sea.

It plans to build an international airport in collaboration with the Portuguese authorities in Macao—a rare example of governments on both sides of the border acknowledging that there is much to be said for co-operation in meeting shared infrastructural needs.

A multi-million dollar "super-highway" may one day reach Zhuhai from Guangzhou. At present Mr Gordon Wu, a Hong Kong property developer, in a joint venture with Kanematsu-Goshn of Japan and the statutory Chinese partner, has firm plans for building the road from Shenzhen to Guangzhou—but just when this will be pressed on to Zhuhai is at present anyone's guess.

The Zhuhai Government says it expects to spend some U.S.$250m this year on improving the zone's infrastructure—three times tho budget for 1984. Better power, water and telecommunications facilities are all urgently needed.

Macao is investing heavily in identical areas, but the two governments have failed to seek or find common ground by which they can share some costs, or devise projects which more efficiently meet shared needs.

A site has been chosen in Zhuhai for a 125 MW power station and a gas plant, according to government officials. At present, the zone gets its electricity from the hard-pressed Guangdong provincial network.

Direct-dialling to Macao, Hong Kong and Guangzhou will be possible as soon as an automatic switching telephone system has been installed. An estimated 30,000 new telephones will go into service this year.

When Deng Xiaoping, China's national leader, visited Zhuhai in January 1984, he is understood to have observed that too much stress was being given to promoting tourism at the expense of industrial development.

Tourism

Recently completed resort hotel and leisure complexes accounted for a significant share of the record 490,000 visitors in 1984—most of them arriving from Macao. Tourism earnings doubled during the year.

Deng's comments sent Zhuhai's planners back to their drawing boards. Industrial output has doubled since the zone was established four years ago, reaching an estimated Yuan 300m (£89.6m) last year. Although official statistics show industrial and transport projects accounting for 71 per cent of foreign capital invested between 1979 and 1983, a substantial proportion represents improvement in the road between Zhuhai and Guangzhou.

The amount of committed foreign investment rose threefold in 1984, according to Mayor Liang Guangda. The biggest investors are Chinese entrepreneurs from Macao and Hong Kong.

Western businessmen have complained that Zhuhai officials give preferential treatment to overseas Chinese investors. They claim that Western companies could bring more substantial capital funds and technology into the zone.

Zhuhai's industrial development will centre on three tracts of land set aside as industrial parks using foreign capital. The first, Nanshan district, is being developed by the Zhuhai special Economic Zone Development Company, the Government's own company. Its 12 flatted factory buildings should be ready for occupation later this year.

The Xiawan district, in the north-west of Zhuhai, is being developed in conjunction with the Gladhover Group of Hong Kong (holding a 40 per cent stake) and the China Nanhai Oil Joint Services Corporation (with 20 per cent).

Investments amounting to U.S.$65m have been planned, which include a deep-water wharf for supply vessels servicing foreign oil companies exploring offshore, and a commercial - cum - residential complex for the staff of these companies. Further investment very much depends on whether and where oil is found in the South China Sea.

Five projects are under negotiation in Xiawan, ranging from the manufacture of ceramic tiles, glass and sanitary ware to insulation materials and gypsum products. These will exploit Zhuhai's high-grade quartz sand and ceramic clay—and China's limitless need for building materials.

The third industrial district, the Beilung industrial estate, has been assigned to Everbright Industrial Company, a Hong Kong-based company financed by Peking. Everbright is aiming to attract high technology and light industries.

Boom town

Morrison-Knudsen International, an American engineering consultant, has been hired to prepare a feasibility report on the site, with financial backing from the U.S. Government's trade and development programme.

The discovery of oil in the Pearl River basin could turn Zhuhai into a boom town. But in the meanwhile, the administration is mindful that the territory should also succeed as a commercial port, fed by a healthy flow of manufactures from its industrial parks.

These hopes may yet be frustrated, however, since foreign investors appear keener to sell to the Chinese market than to export from it. A second obstacle is the shortage of convertible currency, which is inhibiting the import of urgently needed machinery, and hindering the repatriation of profits by foreign investors.

The home of colourful festivals

Visitors' guide

MAUREEN AUNG THWIN

Tourist guidebooks offer visitors reams of information on Macao. This, however, is a subjective guide, providing what the normal tourist publications may not include:

Eating out

With such wide variety in nearby Hong Kong, it is probably best to ignore Chinese food—except for Dim Sum (assorted Chinese dumplings) at the grand old Loc Koc teahouse on Rua de Outubro (around the corner from the floating casino).

Portuguese: For upmarket dining in a romantic atmosphere, try the Hyatt's O Pescador, the Fortaleza at the Pousada de Sao Tiago or the Excelsior's grill. For more informal fare, Ricardo's (formerly Saludes) on Coloane Island if you like village cuisine. The home-cooking is unbeatable at Calcada do Gamboa 3, if you can find the unnamed and unlicensed one-room restaurant near St Joseph's Seminary.

Macanese: The shrimp and noodle soup (lacassa) or chicken with tumeric, wine and ginger (galinha chau chau parida) is excellent at A Cozinho, on the same level as the park and shop supermarket next to the Presidente Hotel. The pigeon is a speciality at Macao's oldest European restaurant, Fat Siu Lau in the former red-light district of Macao.

For more distant fare, ask anyone on Three Lamp Square to point out the Burmese noodle shops that sell "kaukswe," "mohinga," or "see-jet." Mr Liem, at his little Nusantara restaurant on the Ave. do Consoheiro Ferreira de Almeida will serve you delicious Indonesian beef rendang (and also take out small facial moles for HK$10).

Portuguese wines: A real bargain, but try to resist Mateus, and go for the Vinho Verdes or the older ones from the Dao and Barraida regions. Don't be shy to ask the restaurant manager's advice, for Macao wine lists usually name only the wine's bottler, not the region.

Sightseeing

Anyone who takes a guided group tour deserves what they get. Buy maps (available now in five languages) and get advice on walking tours from a tourist office and explore Macao on foot, by bicycle (rentals from the Hyatt and Excelsior) or at least by pedicab.

For scoutiog around Coloane and Taipa islands hire a self-drive moke (a Portuguese-made quasi-jeep) from Macao Mokes, near the ferry terminal.

After seeing the usual tourist sites on Macao, wander around the city's numerous cemeteries, especially the old Protestant cemetery where Lord Henry John Spencer Churchill is buried, along with the most famous China-coast painter, George Chinnery. Next to the cemetery is the Luis de Camoes Museum, filled with old Macanese furniture, Chinese ceramics and court costumes, sketches by Chinnery, and quite empty of people.

For the best panoramic view of the city climb Guia Hill, at dawn if you want to see people doing their Tai Chi exercises and airing their pet birds. Macao is blessed with a handful of "resident saints"—mostly Catholic fathers—who do good works and are very knowledgeable about the territory.

If you see a likely prospect, tell him you want to donate some money to his favourite cause and you'll probably get to see a rare gem, such as the newly-restored 300-year-old painting of "The Martyrs of Nagasaki" at St Joseph's Seminary.

Probably not for children, the famous "Crazy Paris Show" is an entertaining striptease act featuring lithe European girls. But the largely Chinese audience hates to clap so you can wear yourself out making up for them.

Keeping healthy

The lovely Macao-Taipa bridge is a perfect round-trip 3.7 mile jog (the Macao marathon in October is in its fourth year). The Hyatt Hotel's health club has classes in water exercises and aerobics plus the usual gym and sauna. The Excelsior's health club has squash and tennis courts. The Royal Hotel's swimming pool is the largest of the lot (and is heated).

Shopping

Items on which Hong Kong is raising taxes are cheaper in Macao—tobacco, liquor, wines and cosmetics—but the selection will be narrower. Try browsing the pawnshops, filled with goodies belonging to compulsive gamblers who may have left their camera or heirloom with a nonchalant pawnbroker needing space for new elients.

Where to stay

At the moment, Macao is a buyer's market. If money is no object and you don't have to get anywhere quickly, relax in the intimacy of the Pousada Sao Tiago, a highly original and award-winning inn built at the foot of Macao's old "Barra" fortress.

Otherwise the Excelsior probably comes closest to a deluxe hotel: it's also well located and has an excellent coffee shop. The Hyatt on Taipa Island has its Regency Club, an executive floor tailored to the business traveller.

The remote Pousada de Coloane with its lovely dining terrace overlooking a quiet bay, has a good Portuguese restaurant and wine cellar, but the accommodation is quite modest, and it is as yet uncertain what its view will be like when a resort complex at the opposite end of the bay is finished.

Festivals

Check to see if your visit coincides with any of Macao's colourful festivals. The procession of Our Lord of Pasos is a dramatic pre-Lent event: the Ching Ming festival in April is the Chinese version of All Soul's day, the A Ma Festival for the legendary goddess-namesake of Macao is also in April.

The feast of Tam Kong, a fisher festival on Coloane Island, is in May as is the procession Our Lady of Fatima on Macao. The Dragon Boat Festival and pagent are in June, soon followed by a secular celebration, the Macao Grand Prix, where formula I drivers race formula III cars in a sometimes thrilling race.

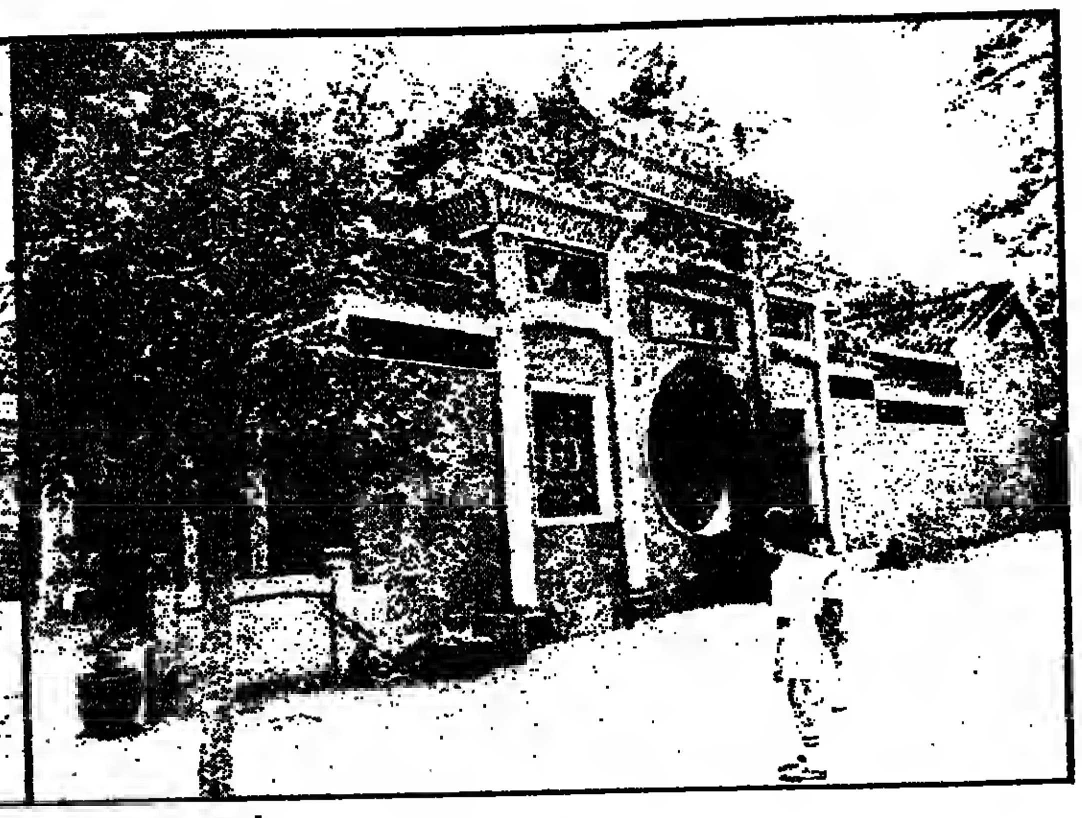
General Don'ts

Don't let a taxi driver talk you into anything above the official surcharge of HK$5 to Taipa and HK$10 to Coloane. There is no return or night surcharge.

Avoid the jetfoils and ferries (both ways) at 9 am and 5 pm. Don't go to Macao on a weekend if you want the place to yourself.

Chinese dancers show their skills





Left to right: Macao's inner harbour, the Church of St Lawrence and the main chapel of a Ma temple

Gambling casinos top the list of attractions

Tourism

MAUREEN AUNG THWIN

MACAO HAS decided, belatedly, that international tourism means big money. The trick now is to convince non-gambling tourists that the Portuguese enclave can sustain their interest. Over 75 per cent of Macao's visitors are casino-bound day-trippers, including the night owls who catch a literal forty winks on the last jetfoil back to Hong Kong at 1.30 am, a 50-minute journey.

"Macao's attitude to tourism was rather negative until recently," confides a marketing manager of a luxury hotel chain. In a burst of hard sell, it is starting to court tour operators from Tokyo to Toronto and not rely solely on unsympathetic Hong Kong brokers.

Visas for most travellers are no longer required, over 1,000 first-class hotel rooms are available, historical sites are being spruced up and entrepreneurs are dreaming up diversions for non-gamblers.

Travel agents win medals for luring the most overnight guests, who, on Sundays, are treated to free outdoor folk dances and guides dressed as 17th century Portuguese soldiers.

Gambling still provides Macao with its main financial base however—as it has since the mid-1800s when an innovative governor introduced the lucrative revenue source. Definitely no Monte Carlo, Macao has difficulty reconciling its noisy and somewhat seedy saloon atmosphere with up-market cultural tours.

Rich history

Macao's rich history has plenty to offer a visitor. Four centuries of interplay between eastern and western races and religions has produced a charmingly schizophrenic city. The enclave's well-documented reputation as a refugee haven has created various ethnic corners.

Overseas Chinese who fled their adopted south-east Asian home can buy authentic Burmese noodles or Indonesian curries. Even Zoroastrians from India can honour their dead at Macao's Parsee cemetery.

For centuries Macao has served as a convenient base for western traders and missionaries. For the middle kingdom, Macao was a necessary outpost to deal with barbarians. Today the Macao-China border gate is once again a popular entryway—for barbarians and non-barbarians alike.

Junkets

Keeping track of tourists passing through the gateway can be tricky. Those coming into the territory from China are officially ignored, to avoid counting re-entering tourists. It is difficult consequently to say how many mainlanders visit Macao.

"They're not real tourists anyway," says an observer, "they don't spend any money." It's an open secret that Communist Chinese regularly travel to Macao and Hong Kong on junkets sponsored by companies sweetening business negotiations with the motherland.

Over four million people arrived in Macao in 1984, up 6 per cent from the previous year. Most came from Hong Kong, and the majority of these were gamblers and day-tourists who returned to Hong Kong by nightfall.

Nevertheless, Macao last year managed to entice 1m people to sleep at least one night in the territory, which put hotel occupancy rates near 60 per cent. Since most visitors come at the weekend, midweek discounts run as high as 40 per cent in some deluxe hotels.

The city's most conspicuous hotel-cum-gambling den, the gaudy Lisboa, had the highest occupancy rate last year (around 85 per cent). It recently opened part of a new wing with 175 guest rooms, a discotheque and a popular striptease act, "the crazy Paris show."

Macao's new hotels have turned what once was a chronic room shortage into a guest shortage. The Hyatt Regency on Taipa Island, the midtown Royal Hotel and the Macao Excelsior—soon to be renamed the Macao Oriental—boast excellent restaurants, gymnasiums and live bands, but share problems of a tourism market dominated by gamblers.

Painful experience has prompted managements to provide only VIPs and guests with credit cards or cash deposit with a stocked mini-bar in their rooms. Long-distance phone calls are similarly limited. Everything from furniture to bedsheets has disappeared into the luggage of visitors on pre-paid tours.

Infrastructure

The fast, smooth ride on the world's largest jetfoil fleet has brought Macao psychologically closer, but arriving at its dingy terminal can jolt a first-time visitor. It will be even worse next year when the fleet takes off from a new ferry terminal in Hong Kong.

Upgrading the infrastructure is constrained by the number of fingers in Macao's tourism pot. The Department of Tourism, its budget recently raised from HK$80,000 (£8,772)) to HK$2m, is in charge of generally promoting Macao. So is Sociedade de Turismo e Diversoes de Macao (STDM), the syndicate running the casinos.

In exchange for the gambling franchise — which will be re-negotiated in 1991—STDM has certain noblesse oblige. Other than donating to worthy causes, STDM must keep Macao's inner and outer harbours silt-free, provide efficient and inexpensive cross-harbour transport, and pay for the global network of Macao tourist information bureaux.

The HK$1.8bn new ferry terminal in Hong Koog is being built by a consortium beaded by STDM's managing director, Mr Stanley Ho. The structure will contain a moderate-class hotel, offices and expanded berths for the fleet, to which will be added two high-speed ferries.

When asked about a new terminal for Macao too, Mr Ho coyly replies that 1991 — and the end of his obligations — is oot that far off.

Macao's urban council is also involved in tourism, through its generous support of the city's under-visited Luis de Camoes museum.

"Macao lacks a community identity," says the curator, Macanese painter Antonio Conceicao Jr, who plans 28 exhibitions and related programmes this year alone to help "create a cultural front for Macao."

Contemporary Macao's 400,000 residents reflect largely Cantonese culture, but marketeers of Macao are discovering that Portugueseness sells too, as does Macanese—an imprecise term usually referring to the culture and people of 17th century Macao, then a blend of fairly "pure" Portuguese colonials and the mixed-blood influx from Portuguese Malacca, with its south-east Asian antecedents.

To make it more perplexing, evidence of Macao's past from both East and West keep cropping up. An archaeological survey is being considered, spurred on by recent discoveries of a 1609 tombstone and 16th-century export-porcelain shords at demolition sites around the city.

Monument

Material traces of a 5,000-year-old indigenous culture were excavated earlier this spring on nearby Coloane island.

Perhaps not to be outdone by the past, Macao's administration commissioned Portuguese sculptress Dorita Castel-Branco to create a massive monumeot on a rock face overlooking the Taipa-Macao bridge.

"I think it's supposed to show Sino-Macanese achievemeots," says a prominent businessman who was coaxed into a HK$1m donation for the grandiose project that has set tongues wagging all over Macao.

Macao's eclectic charms have undoubtedly been valued by neighbourhood expatriates in search of an inexpensive rest and recreation—but whether Macao con deliver the world-class services it is selling internationally still remains to be seen.

UK COMPANY NEWS

Martin Dickson on Haden's battle with Trafalgar

Drama facing a crisis addict

Mr Philip Ling, managing director of Haden, the mechanical and electrical engineering group, is a self-confessed "crisis addict." But the current corporate drama facing hi m is one he could well have done without.

Just seven months after joining Haden, the 39-year-old, youthful looking Mr Ling is trying to fight off a £37m takeover bid for the group from Trafalgar House, the industrial and services conglomerate with extensive construction and engineering interests.

The timing of Trafalgar's move is neat: Haden has been through a difficult two years, which have seen its profits plunge. Now, however, after weilding an axe to some of its weakest subsidiaries, the group claims to be on the point of a substantial recovery.

"Trafalgar," argues Mr Ling, "is trying to knock us off before shareholders realise what a terrific business we've got going here."

But although Haden is a relative minnow when set alongside the predator chasing it, Trafalgar has a real fight on its hands: its all cash offer value each Haden share at 240p, a premium of 30 per cent over the price last December just before it bgan buying Haden shares.

However, ever since Trafalgar announced the bid, Haden's shares have remained well above the offer price, closing last night at 300p.

The market is signalling that if Trafalgar is to capture Haden it will have to raise its offer, which was accepted by just 0.08 per cent of shareholders by the first closing date, last Thursday.

The battle revolves essentially around two themes. The first is the value that should be placed on a post-nationalisation Haden under its new, optimistic-sounding leadership. The second is the commercial logic, or lack of it, involved in joining together the two companies.

Haden consists of three major divisions.

● Building, industrial and process engineering, whose main business is in the design and installation of air conditioning and fire protection systems for buildings. It is the joint leader in this business in the UK

Last year this division accounted for £184m of the Haden group's turnover of £321m and £5.4m of the £7.4m of operating profits from its continuing businesses.

● Industrial finishing and mechanical handling, where subsidiaries Haden Drysys and, in the U.S., Haden Schweitzer, design, supply and install large scale paint shops, mainly for the motor industry. Last year this division produced turnover of £102m and operating profits of £1.86m.

● Specialist engineering, which produced 1984 turnover of £37m and profits of £167,000, and includes a building maintenance subsidiary and a pipework supplier.

Haden's financial problems over the past two years have stemmed from a combination of unfortunate diversificatioos, such as the recently closed Haden Food Machinery, and growing problems with some of its continental offshoots, notably in France.

Mr Philip Ling (left), managing director of Haden, and Sir Nigel Broackes, chairman of Trafalgar.

But over the past year—and particularly since Mr Ling's arrival in September—the group has been cutting back hard. While its continuing businesses produced an operating profit of £7.4m in 1984—£6m of it in the second half—£4.4m of losses from businesses now discontinued reduced overall pre-tax profits to just £3.55m, compared to £6.01m in 1983 and £8.62m in 1982. The rationalisation programme also resulted in £5.6m extraordinary cosing costs.

But the company maintains that with rationalisation behind it, and a history of more useful geographical diversification into Australia, and a record order book, its prospects are now excellent.

"We've closed the loss-makers, decentralised head office functions, making each company stand on its own feet, instituted a cost cutting programme and brought new management in in a number of places," says Mr Ling.

But to that Trafalgar replies that the "declining financial performance and strategic errors" which have forced this reorganisation programme on the company have had a dramatic effect on the company's net worth, cutting net assets per share to 150p by last June and possibly to as little as 130p a share since then.

As for the philosophy behind the bid, Trafalgar argues that a combination of its financial strength and established presence in the world's major contracting markets will enhance Haden's growth potential.

"In the international market there is a premium on size," says Trafalgar's chief executive, Mr Eric Parker. "A company with capital backing of £21m is almost a joke."

Trafalgar says that Haden's building, industrial and process engineering division, and the specialist engineering one, would be complemeotary to its existing mechanical and lectrical engioeering business. The combined group would offer a comprehensive building services capability to clients, while at the same time each operating company would market and develop its own particular products.

It adds that Trafalgar, with its extensive North Sea construction interest, would be able to help Haden establish a much greater presence in this area.

Both these stratigic arguments are disputed by Haden, which argues that the key to the success of its building, industrial and process engineering businesses has been their independence from large contractors and property developers.

It says that between 1980 and 1984 some 60 per cent of orders placed with its Haden Young subsidiary came from a small number of main contractors who are competitors to Trafalgar House, it would cease to be acceptable to many of its customers and would wither.

The thesis is rejected with a chuckle by Mr Parker at Trafalgar. "It's a load of absolute hooey," he says. "That's an argument heard a lot in the 1960s, but I haven't heard it for many years."

Critics, he adds, had said this would happen to Trollope and Colls, Trafalgar's building and sub-contracting group, when this was acquired. But it ad not suffered.

And while City analysts accept there may be some truth in the Haden argument, they suggest that Trafalgar is hardly likely to have ignored this issue when sizeing-up its bid.

As for tha North Sea, Haden says that it has kept a close watch on the possibilities there, and they just do not exist on the scale suggested by Trafalgar.

Furthemore, Mr Ling argues, Trafalgar has made its bid without any knowledge of our plans for Haden's important industrial finishing business.

Offer terms and logic apart, the fate of the Trafalgar bid will depend to some extent on the faith City institutions are prepared to place in Mr Ling as the new broom at Haden.

An Oxford graduate in politics, philosophy and economics, he was recruited into industry by Mr Oliver Jessel (whose Jessel Securities empire ran into financial crisis) in the mid-1970s.

Mr Ling survived that, and as general manager of Johnson and Firth Brown he steered the Sheffield-based steel and engineering group through a painful series of rationalisation efforts in the late 1970s.

He eventualy left wto years ago for London and Midland Industrials, a holding company which bought a number of Johnson and Firth Brown subsidiaries.

Mr Ling was approached by Haden last year when the existing managing director reached retirement age and the company was looking for an outsider to bring fresh blood into the system.

"I'm an old campaigner," he says. "I can take this (takeover) in my stride."

But there's a degree of edginess in the delivery of the remark, as well there might be with a giant like Trafalgar breathing down his neck.

All divisions aid enlarged LCA to £1.6m

ALL DIVISIONS of London and Continental Advertising Holdings performed well during 1984, says Mr John Golfar, group chairman, in announcing substantially increased pre-tax profits of £1.62m against a previous £579,000.

At the half year stage this poster and specialist advertising group achieved profits of £435,000 (£268,000). The full year result included a seven month contribution of £861,000 from London & Provincial Posters, acquired in June, when the group moved from the USM to a full listing.

In the light of the group's results, and the directors' satisfaction with current trading, an increase in the dividend from an adjusted 0.75p to 1.6p per share is recommended. At the time of the acquisition a 1.5p payment was forecast.

The chairman reports that upon the purchase of London & Provincial a review of its cost structure was undertaken which led to a major re-organisation of the group's poster interests. This was largely completed in the year under review, and the non-recurring costs of the exercise, amounting to £435,000, have been included as an extraordinary item.

He adds that there remains great scope for the continuing re-development of the group's poster interests in line with the changing marketing patterns for that industry.

Turnover for the year totalled £16.43m against £3.42m, including sales of £11.66m achieved by London & Provincial from June 1 to December 31, 1984.

The tax charge was higher at £745,000 compared with £298,000. After the extraordinary item, attributable profit emerged at £440,000 (£281,000).

● **comment**

LCA has had an exciting year—obtaining a full listing in June and buying the much larger London and Provincial Posters from Reed International (for almost £18m). Now it challenges Mills and Allen for leadership in the outdoor advertising industry. The last seven months of 1984 were partly taken up with the re-organisation of L and P, the costs of which (mainly redundancy payments as the workforce was halved) are reflected in the £435,000 extraordinary debit. A continuation of this pruning operation will have its impact on this year's net profits but by a lesser amount. This should be more than offset by a full year's contribution from L and P (with an expected margin of 10 per cent) plus an industry-wide real growth rate of 5 per cent. In the autumn the results of the nationwide industry-financed Site Grading Classification study are expected to be a major boon in marketing terms against prime competitors, television and radio. For 1985 pre-tax profits of £3¼m are seen by analysts, a prospective of 17 on 153p.

Wayne Kerr allotments

The offer for sale by Wayne Kerr of 4.69m ordinary shares at 130p per share attracted 6,896 applications in respect of a total of 57.79m shares (12.3 times the number of shares offered).

The figures include preferential applications on pink forms received from 32 employees in respect of a total of 41,000 ordinary shares. These applications will be allocated in full.

The allocation in respect of applications from the public will be: 200-1,000—weighted ballot for 200 shares; 1,200-2,000—weighted ballot for 300 shares; 2,500-4,500—weighted ballot for 400 shares; and 5,000 and over—approximately 9.5 per cent of the amount applied for. Dealings are expected to begin on April 15.

President Entertainments profit advances to £0.87m

HAVING beaten its revised profit forecast for 1984, President Entertainments says overall bookings for the current year are running well ahead and it "promises to be an even more exciting year."

The group, which came to the USM last June, operates theatre restaurants based on traditional British Themes, in London and Orlando, Florida.

Mr Robert Earl, the chairman, says the demand for hotel rooms from North Americans visiting London has effectively extended the season to make the capital an all-year-round destination, a trend that he expects to continue.

From a turnover of £5.83m in 1984, the group has made a profit of £869,000 before tax. In the USM prospectus the directors had forecast a minium £750,000, but revised this upwards to £825,000 at the end of January when asking shareholders to subscribe £2.6m through a rights issue. Tha dividend is 0.1p net.

In the previous year the group made a profit of £229,000 on a turnover of £4.55m. These figures are pro-forma results of the group as now constituted, as adjusted for tha payment mada under a previous licence agreement with Hanover Grand Banqueting and after charging tax at a rate of 50 per cent on the pre-tax profits.

Mr Earl says the Talk of London is anticipated to substantially increase its contribution to group profits as "wa hava actively marketed it to our U.S. clients."

The medieval concept continues to be the most popular evening. The occupancy levels of the Beefeater in 1984, together with forward bookings for 1985, led to the conversion of the "pub" evening at Shakespeare Tavern, Blackfriars, for the coming summer back into a Shakespeares' Feast in order to be able to offer 1,000 medieval seats per night.

In the U.S., the medieval evening at the Shakespeare in Orlando made a small contribution to profits, after the start up losses incurred following the opening a year ago.

Tha company has signed a long lease with Orlando Central Park (a wholly owned subsidiary of Martin Marietta) for an entertainment complex that will open in November.

More developments are planned in Orlando and the chairman hopes to announce, in the near future, further progress with regards to exponsion. It is intended that the company should have an effectiva daily capacity of some 2,000 seats in Orlando, thereby matching that currently available in London.

In the UK it has been decided to open Theme Banquets in the near future in several cities, and negotiations are currently in hand for sites. The company is also at an advanced stage of negotiations with several small groups of restaurants, in pursuance of its indicated policy of operating restaurants in all sectors of the market.

Tax takes £406,000 (£312,000) to leave the 1984 group net profit at £463,000 (loss £83,000). Earnings are shown to be 4.53p. There is an extraordinary debit of £31,400 comprising cost of USM placing £5,200, and irrecoverable amount associated with the closure of a joint venture in the U.S. of £26,200. Last time there was deferred tax of £36,400.

● **comment**

If President was compared with an airline the most striking feature would be its ability to make money on a 13 per cent load factor and its low fuel bills. The rise in seating capacity utilisation to 30 per cent (some 300,000 customers) in 1984 has produced the threefold jump in margins. The selling of more of the remaining capacity is a marketing exercise, one of the group's strengths, although it is unclear how it might weather a significant change in the mix of incoming tourists. With £3m in the bank, including all the £2.6m netted from the recent two-for-five rights issue, the group is looking for some regional theme restaurant additions in the UK, for a group of three "popular" restaurants and a single prestigious eating house. In the U.S. the concentration remains on the post-Disneyland entertaining for the thousands who visit Orlando, Florida. By this time next year the company will hava completed its five year record and will be looking for a full listing. For 1984 the market is looking for £1¼m pre-tax, a prospective multiple of around 18 at 95p (assuming a lower tax rate of 40 per cent is achieved). This year should also produce a far higher payout to shareholders, many of whom are now institu- last year's cover being over 45. tions north of the border who may like to see income on the table other than just the capital gains potential.

Better prospect for Greenbank

IN THE second half of 1984 the Greenbank Industrial Holdings group has more or less maintained its profit at £986,000 to leave the year's total down from £1.66m to £1.4m. As stated at the interim stage, the very low order book at the beginning of the year was a major factor in the reduced profit but prospects for 1985 are better.

This year, however, does take into account a £375,000 contribution from Didsbury Engineering which was acquired in December 1983—of this £211,000 came in the second half. And this helped offset a fall from £240,000 to £56,000 in investment income.

Earnings of the group for the year are shown to be 3.24p, against 3.51p. The final dividend is again 1.3p for an unchanged net total of 2.1p.

Turnovar in 1984 fell £1.87m to £12.9m. Shortage of work in the U.S. turned last year's profit there into a loss and the coal strike adversely affected the abrasion resistant products division. Interest on surplus cash was greatly reduced as a result of the acquisition of Didsbury.

All divisions had an improved order intake in 1984 and the order level at the start of the current year was up by 89 per cent.

The Terotech division has recently received a major export pipework order for the ash and pulverised fuel lines for a new power station, and the prospects for 1985 are better for all UK operations and for the U.S.

Tax takes £586,000 (£776,000) to leave the 1984 net profit at £816,000 (£883,000). Last year, in addition, there was an extraordinary charge of £726,000.

Helene holds 1.48p from 40% profit advance

A 40 per cent advance in profit has been achieved by Helene of London in 1984, and the directors describe this as "very satisfactory." The pre-tax figure is ahead from £998,000 to £1.4m, and the final dividend is again 1.11p for an unchanged net total of 1.48p.

As regards the current year, the directors of this manufacturer and distributor of women's, children's and men's fashion wear report that trading continues to be buoyant, with sales to date showing an increase over the comparable 1984 period.

"Although it is early in the year, present indications are that 1985 will show a further increase in profits," they say.

The directors intend to have a more even distribution of dividends in the future and propose to increase the interim payable next January. In respect of the 1984 final it is payable on the 2.9m shares being issued against the acquisition of the outstanding 41 per cent minority in the subsidiary, Barry Artist.

Reporting on 1984, the directors say that turnover rose by 36 per cent, from £16.2m to £22.05m. After tax £636,000 (£442,000) and minorities £1,800 (£86,000) the attributable profit comes out at £764,000 (£470,000) from earnings of 2.7p (2p) per 10p share.

Ex-Lands aided by operating turnround

Net profit of Ex-Lands, an investment holding company, rose from £32,107 to £54,030 in 1984, after tax £18,033 (£17,419). The dividend is held at 0.6p net.

At the year end the net asset value was given as 18.26p per share, compared with 16.5p a year earlier.

The company turned round from an operating loss of £968 to a profit of £22,765, and the surplus on disposal of fixed assets came to £53,092 (£52,578).

Last year there was an extraordinary debit £69,999 from writing down group investments other than remittable funds in Nigeria.

COMPANY NEWS IN BRIEF

The interest rate for this week's issue of local authority bonds is 12 1/16 per cent, unchanged from last week, and compares with 9 1/16 per cent a year ago. The bonds are issued at par and are redeemable on April 16 1986.

A full list of issues will be published in tomorrow's edition.

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Pearson has purchased 1,164,921 10 per cent cumulative £1 preference shares in Pitman, and now owns 51.8 per cent of the issued cumulative preference shares.

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Holders of £57.3m of BOC Group's 9 per cent convertible unsecured loan stock 2001/6 (equal to 70 per cent of the total issue) have converted into ordinary shares. This is the first year in which they could opt to convert, and 42.4m ordinary shares will be issued to them.

As regards the final dividend for the year ended September 30 1984, over 12,100 shareholders have elected to take the scrip alternative. The offer rate was one new share for every 64 held, and resulted in 302,046 shares being issued. This has saved the group £1.26m in cash, being dividend £879,000 and ACT £377,000.

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First-half pre-tax profits of Floyd Oil Participations rose from a restated £165,041 to £660,598. Turnover for the period, to December 31 1984, increased from £310,000 to £2.3m, the rise coming from the company's share of income from the Claymore Field.

Tax took £75,590 (added £95,914) to leave retained profits at £585,008 (£260,955). Earnings amounted to 3.13p (1.9p) per 10p share. The company's shares are traded on the USM.

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Arenson Group, which manufactures and distributes office furniture and equipment, continued the recovery made in the second half of last year, to report pre-tax profits of £60,000 for the six months to February 3 1985, compared with losses of £79,000.

Stated earnings per 10p share were 0.26p (1.12p losses) undiluted, and 0.41p (0.76p losses) fully diluted.

Turnover was £7.39m (£6.88m). There was again no tax and dividend.

* * *

Save & Prosper Sterling Deposit Fund raised net asset value from 188p to 196.1p per share in the half year to end February 1985.

Income available was £5,826 (£7,232) being net income for the period of £4,826 (£6,232) and £1,000 (same) brought forward.

Earnings per share are not disclosed as, due to the nature of the company's business, the directors believe these figures are not meaningful.

The company is an open-ended investment concern operated on the lines of a mutual fund or unit trust.

UK COMPANY NEWS

MINING NEWS

Echo Bay set for further increase in gold production

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Echo Bay Mines is in line for a further increase in its gold production this year after having raised output by 54 per cent to 181,534 oz in 1984 at its Lupin mine, 56 miles south of the Arctic Circle in the North-west Territories.

This year Lupin, the third largest gold mine in Canada, is expected to lift output to 200,000 oz. In addition, Echo Bay should have about 60,000 oz as its share of the 50 per cent-owned Round Mountain open-pit gold mine in Nevada which was acquired as from January 1 with the company's purchase of Copper Range.

Round Mountain rates as the third largest gold mine in the U.S. with reserves of more than 6.7m oz gold. Its operating costs last year equalled US$251 per oz and the Echo Bay management feels that this cost level can be reduced and also expects to make a further reduction in costs at Lupin, which equalled US$198 per oz in 1984.

The directors point out in the annual report that while Echo Bay continues its exploration programme it also believes that advantage can be taken of low gold prices to acquire at low cost existing mines and those properties in advanced stages of exploration.

Last year Echo Bay lifted net earnings to C$23.9m (£14.4m), or 64 cents per share, from C$9m and modestly increased its dividend by 1 cent to 11 cents. The combination of increased production and reduced costs thus outweighed the effects of a fall in the average gold price to US$360 per oz from US$424 in the previous year. In the first three months of 1985 gold has averaged US$302.

Low copper prices leave Atlas Mining in the red

LOW PRICES for copper have made their impact on 1984 results of Atlas Consolidated Mining and Development, the major copper-gold producer in the Philippines, reports Leo Gonzaga from Manila.

Atlas suffered a net loss for the year of Pesos 696.5m (£33.6m) compared with net income of Pesos 99.4m in 1983.

On the other hand, Baguio Gold Mining has more than doubled its 1984 earnings to Pesos 1.14m from Pesos 580,000 without having produced a tonne of metallic products. The Philippine company's copper and gold facilities remain shut down owing to low metal prices.

Last year Baguio made money from its share in local crude oil production, fund placements in the money market and equity investments in other companies.

Gold Fields delay remains

The proposed reorganisation of Gold Fields of South Africa's coal interests through the merger of Clydesdale (Transvaal) Collieries and Apex Mines remains blocked by the South African supreme court, according to the latest annual statement from Mr A. M. D. Gnodde, Clydesdale's chairman.

The court plans to hear evidence from the parties as to whether the terms of the merger placed minority shareholders in Apex at a disadvantge as some of them claimed, but the hearing will not take place for some weeks owing to pressure on the court's time.

The delay in ratification of the deal will also postpone the proposed change of name to Gold Fields Coal. Mr Gnodde added that if the merger is implemented, the new company will declare dividends totalling at least 115 cents (48.5p) for 1985.

Clydesdale, which GFSA recently acquired from Liberty Life insurace group, has changed its year-end to December to bring it into line with the other coal and base metal companies within the group. Net profits for the six-month accounting period were R6.5m, and a dividend of 50 cents has been declared.

Wankie returns to dividend list

The Anglo American Corporation group's big coal producer in Zimbabwe, Wankie Colliery, has returned to the dividend list after a year's absence with a payment of 5 cents (2.6p) for the year to February 28. A similar amount was paid for 1982-83.

Sales of both coal and coke increased in the past year to a value of Z$74.5m (£39.4m) from Z$56.9m in the previous 12 months. Latest trading profits, after taking into account net interest of Z$10.1m, amount to Z$4.5m against Z$3.8m and earnings per share of 10.1 cents compare with 8.6 cents last time.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Forry Pickering, Albert Fisher, Smiths Industries, H. Young.

Finals: Aurora, Ayrshire Metal Products, T. F. and J. H. Braime, British Dredging, Erith, Expamet International, S. W. Farmer, Fitch and Co. Design Consultants, S. Jerome, M Y. Dart, Molins, Pearl Assurance, A. G. Stanley, Steel Burrill Jones.

FUTURE DATES

Interims—

Close Brothers	Apr 15
Hepworth (J)	Apr 16
Highland Distilleries	Apr 15
Highland Electronics	Apr 18
New Australia Invest. Trust	Apr 23
SI Group	Apr 18
Swindon Private Hospital	Apr 16

Finals—

Beniolls	Apr 18
Blue Circle Industries	Apr 25
Cooper Industries	Apr 23
Cory (Horace)	Apr 18
Crowther (John)	Apr 17
Dinkie Heel	Apr 12
Elbar Industrial	Apr 18
Finlay Packaging	Apr 17
Fortnum and Mason	Apr 15
Gould (Laurence)	Apr 22
Grampian Television	Apr 25
Harris Queensway	Apr 18
Hestair	Apr 25
Laing (John)	Apr 24
Lamont	Apr 15
Northern Engineering Industs.	Apr 17
Richards (Leicester)	Apr 26
Smaller Companies Intnl. Tst.	Apr 18
Taylor Woodrow	Apr 18
Tove	Apr 17
W W.	Apr 18
Ward White	Apr 18

UK COMPANY NEWS

Electron House will join USM with 30% placing

BY TERRY GARRETT

EARLY NEXT week Electron House, an electronic romponent distribution group, will join the unlisted securities market following a placing of almost 30 per cent of the group's equity by stockbrokers Laurie, Milbank & Co.

Of the shares being offered, valued at around £1½m, roughly half will come from existing shareholders, largely from the holding of Mr Robert Leigh, chairman and managing director, with the balance representing new equity for the business, raising around £600,000 after expenses.

The plscing price is yet to be finely tuned but the group will come to the market on a prospective p/e for the year ending next May of around 20. That is a rating which slots in at a modest discount to existing quoted stocks such as Norhain and Memec, given the differences in year-ends.

The group's roots can he traced back to the 1950s when two independent husinesses—Hall and Zeerix—operated in the market for receiving valves for televisions, radar and so on. Hall wss later bonght hy Grampian Holdinga hefore Zeerix, then owned hy a private rompany celled Madgel, hought the Grampian subsidiary.

Electron House took shape in October 1983 when Grosvenor Development Capital financed a management buy-out of Hall and Zaerix. Electronic component distribution is still the hackbone of the group despite the maturity of tbose early valve companies.

The group now joining the USM bas four main activities: distributinn of electronic compooents under franchise agreements (House of Power); distrihution of electron tubes (the valves companies); non-franchised distribution and "procurement of electronic components for Covernment agencies"—mainly the MoD.

For the year to May the group is forecasting profits of £375,000 pre-tax on sales of £6.2m. This compares with a profit of £226,000 on turnover of £5.2m for 1983-84. Margins, according to the directors, have bean depressed by heavy expenditure on romputer systems—some £150,000 in the last two years—and pre-tax returos should improve to 10 per cent.

The House of Power subsidlery, a specialist distrihutor of electronic components under franchise agreements, accounting for almost e half of 1984-85's sales, is likely to provide the lion's sbare of profits growth in the foreseeahle future.

It bas a hroad range of franchises, with its top three—BICC-Varo Electronics, Berg Electronics and Unitrode, acrounting for 35 to 40 per cent of House of Power's sales, or 20 per cent of . group total. Customers represent a wide range of companles in the industrial and electronics fields—the largest is the MoD, with aeles of around £½m, and others such as Marconi, Flessey, Racal and Ferranti also featuring.

After the placing Mr Robert Leigh's shareholding in the enlarged group will drop to 21 per cent. Grosvenor — which financed tha buy-out—is down to 20 per cent and other directors of the company will hold just under 30 per cent of the equity.

Apart from Mr Leigh's discomfort of living with a "six-figure mortgage" the reason for going puhlic is to use Electron as a vehicle for further acquisitions. During Mr Leigh's seven years as a managing director of a quoted company in the early '70s be was involved in 16 acquisitions.

Apart from his own experience at making deals at Crellon, Mr Leigh underlines the "acquisative experience" of his board colleagues who have been involved in areas auch as the NEB, merchant banking, accounting and Grosvenor Development Capital.

The combined experience of the directors should enable the group to make acquisitions which will "enahle the group to improve its profit margins as sales expand."

Though the prospectus is unlikely to go any further than a hald statement about future purchases, the directors obviously intend to be fairly aggressive in acquiring other husinesses—most likely in the distribution area. It would not be surprising to see a deal within a few months of the USM debut, to be followed hy an acquisition-a-year type pbllosophy.

Clyde setback as only 19% accept offer for Petrolex

BY FRANK KANE

Clyde Petroluem suffered a setback yesterday in its attempt to acquire fellow independent oil company Petrolex when acceptances of its £11.7m bid totalled only 19.31 per cent of Petrolex shareholders.

Clyde said some ecceptances were withdrawn yesterday after an announcement from Petrolex that it bas received aporoecbes which might lead to a further offer being made for the company.

This was hitterly criticised by Clyde as e "tactical announcement." It said that before news of a possihle second suitor, it had received acceptances from 26.99 per cent of Petrolex holders, and had further "firm indications" that would have taken the atake to 33 per cent.

Clyde also said that it bad been aware of the existence of a possihle rival in its bid for Petrolex since last Wednesday, wben there had heen a meeting hetween Sioger and Friedlander, sdvising Clyde, and Morgan Crenfell, advising Petrolex. They ware informed of a new approach to the Petrolex hoard.

Mr Malcolm Gourlay, Clyda's chief executive, sail last night "they tried to get us into a Dutch auclion last week." Mr Jin Lindars, managing director of Petrolex, said that the meeting last week "was not called with the express intention of discussing another bidder," and said in any case thet he had not been present.

Morgan Grenfell confirmed last night that there had been a meeting last week between them and Clyde's advisers, Singer & Friedlander, but said tbat the situation then was still developing. "It still hasn't got to the stage where thereis a proposition or a name, but it was something we felt should be now properly announced," Morgan said.

Petrolex bas until April 21 before its bid must finally lapse, unless there is intervention by another party. Because it has declared its 75p per share offer to be final, Takeover Panel rules prevent it from increasing the terms, which were described hy Mr Courlay last night as "full and fair."

Mr Gourlay said that he was disappointed at the turn of events. "What we would really like to know is where these approaches are going to end up," be said. Prior to Petrolex's statement about a possible alternative bid, be thought that Clyde was "doing quita nicely" in gaining acceptances of its offer, and had e "reasonable chance of success."

Clyde shsres fell 1p to 97p yesterday and Petrolex gained 2p to 80p.

Petrolex earlier sought to bolster its defence with the announcement of an oil discovery in a South Texas field in which it has a 17.5 per cent share, but Clyde responded by saying that the find had already been included in Petrolex's last defence document.

Burnett & Hallamshire share price slumps 19p

By Lionel Barber

Burnett & Hallamshire, the international mining and construction group, saw its share price slump 19p to 50p yesterday after reports that talks with its bankers had run into difficulty.

Five weeks ago, Burnett, advised by Kleinwort Benson, anoounced that it was in talks with its principal banker, Barclays. The talks centre on the company's exposure to Californian property and a further statement is expected within the next fortnight.

Burnett declined to comment yesterday.

Last year, Burnett reported pre-tax profits of £8.8m, well down on profits of £30m up to March 1983. The company also disclosed that it had given guarantees amounting to £41.25m on certain contracts within a general provision for contingent liabilities.

Price Waterhouse, the accountants, are preparing a report on Burnett while talks with the company's bankers continue. The negotiations involve American as well as British banks.

No probe

The acquisition by BBA Group of the automotive interests of Cape Industries will not he referred to the Monopolies Commission.

Top men at Lex and Hawley awarded big pay increases

BY ALEXANDER NICOLL

TOP EXECUTIVES of two companies with extensive U.S. interesls, Lex Service and Hawley Group, were awarded big pay increases last year.

The 1984 annual report from Lex, the automotive and electronic romponenta distrihutor, shows that Mr Trevor Chinn, the chairman and managing director, received a 48 per cent increase to £280,970. Hia total included U.S.$174,900 (£145,000 at current rates) for services lo the U.S. compared with $131,600 in 1983.

Mr Chiun was not, however, the highest paid Lex director. Another unidentified director received £307,809, an 85 per cent increase on 1983. His salary was paid virtually entirely in dollars.

About 35 per cent of the group's 1984 turnover and 31 per cent of pre-tax profits came from lis U.S. electronic components distrlhution businesses.

At Hawley Croup, the service industry concern which switched its domicile from London to Bermuda last year, Mr Michael Ashcroft more than doubled bis salary as chairman, from £93,000 to £199,000. Another director received over £150,000, a third over £125,000 and two more hetween £90,000 and £100,000 each.

Hawley, though registered in Bermuda, deems its bead office to he in Roseland, New Jersey. Just over balf its 1984 turnover and 56 per cent of pre-tax profits were accounled for by North American activities, which are chiefly cleaning and maintenance and security systems.

See Lex

Two Reed subsidiaries sold to U.S. printer

R. R. Donnelley, the U.S. printer, has completed the purchase of the two Dunstable based subsidiaries of Reed International which produce abort-run magazines and airline and rail directories.

The deal was undertaken through Donnelley's York-based offsboot, Ben Johnson, which declined to put a value on the purchase. It said, bowever, that estimeted assets of the two companies—Index Printers and Thomson Photo-Litho—were £5m and turnover was £10m and that the deal was in cash.

Mr K. Morton, Reed's finance director, said the purchase price "was not e signl6cant amount in Reed terms," and added that there had heen "no write off" of the subsidiaries' value.

Ben Johnson, ecquired by Donnelley in 1978, includes the printing of UK phone directories and meil order catalogues among its activities. It said yesterday that it regarded the purchase from Reed as a step in the expansion of its apecialist magazines, and especially international magazines.

Contraots of IPC magazines and directories, iocluding Flighl and House and Garden, have been retaioed hy Ben Johnson as part of the deal.

COMPANY NEWS IN BRIEF

Pre-tax profits rose from £364,000 to £388,000 in 1984 at Solex, maker of carhuretters, liquid petroleum gas fuel systems and other motor parts.

Turnover of the group, ultimately owned hy Matra of France, increased from £12.22m to £12.82m.

A same-again single 4.3p dividend is heing paid. Stated net earnings per 50p sbare were 5.6p (5.2p).

* * *

Despite a £24,000 slip in turnover to £755,000 Jayplant's pre-tax profits edge ahead from £54,000 to £66,000 in the six months to November 30 1984 because of an improved sales mix.

The directors believe the general improvement in conditions in the building industry will cootinue in the foreseeable future. The USM company is a plant bire cootractor.

Tax took £20,000 (same) and earnings per 25p share were 1.297p (0.948p).

* * *

Exeter Building and Construction Group, a USM stock, returned lower taxahle profits of £382,000, against £659,000, for 1984, on turnover ahead at £44.29m against £34.97m.

The result was struck after a douhled interest charge of £400,000 and wes subject to tax of £124,000 (£89,000). Earnings per share fell from 17.4p to 10.1p hnt the dividend total is, in effect, being held at 5.6p hy a final payment of 3.6p.

* * *

The offers hy Jefferson Smurfit Gronp for the outstanding ordinary and preference shares of the TMG Group bave been declared unconditional. Jefferson cleims rontrol of 92.2 per cent of the ordinary and says the offers remain open until April 26. The extension is for the benefit of amaller TMG shareholders who have not yet received the relevent documentation. However, neither the cash nor tha loan stock alternatives are being extended.

* * *

Simon Engineering has completed the sale of its subsidiary, Simon-Vicars, to a management team led by the present chairman and managing director. The company, a manufacturer of hiscuit and confectionery machinery, has net assets of approximetely £1.4m.

* * *

Control Seenritles has ecquired property investment and dealing group, Ellesmere Port and its subsidiaries for £875,000, to be satisfied hy the issue of 1.75m ordinary shares in Control.

Ellesmere Port group's principal asset is 23 acres of land at Botany Quarry, close to the M25 east of London. It is intended to develop this as an industrial site. Some contracts have already been completed for the sale of part of the site and also contracts exchanged for the sale of an adjoining site and various Ellesmere Port properties for a total fo £1.75m.

* * *

Net asset value at Baillie Gifford Japan Trust for the six months to February 28 1985 csme to 355.1p against 285.8p et the eod of last August. Fully diluted the figures were 333.4p and 269.8p respectively.

Available income came through ahead from £22,881 to £50,671 with tax this time at £31,359. Earnings per share were shown as 0.5p (0.23p).

* * *

John I. Jacobs has agreed to dispose of its 19.5 per cent interest in Socomet-Auvrey and Cie, which trades as shiphroker in Peris for about £560,000 at the end of April.

Socomet's lates accounts show a trading loss, of wbich the group's proportion amounted to £40,000.

Share stakes

Changes in company share stakes announced recently include:

Electronic Rentals — On March 21, director A. C. Cowell sold 56,620 shares et 44p per share. On March 27, director T. E. Entwistle sold 13,100 sbares et 45½p eech.

Ratners (Jewellers) — A. A. Davis, a director, has ecquired 8,500 ordinary sbares at 66p per share, increasing total holding to 25,012 shares.

Cronite Gronp — J. L. Lindsay-German, a director, has sold 19,000 ordinary shares.

Hanson Trust — Following recent transactions and the conversion of its holding of 9½ per cent ronvertihle unsecured loan stock 2001/06, Prudential Corporation Group holds 61,991,825 ordinary (5.25 per cent).

LADBROKE INDEX
959-963 (−6)
Based on FT Index
Tel: 01-427 4411

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ex-Lands	0.6	May 24	0.6	0.6	0.6
Greenbank Indl	1.3	May 21	1.3	2.1	2.1
Helene London	1.11†	July 1	1.11	1.48	1.48
LCA	1.6	—	0.75	1.6	0.75
President Entertainmts‡	0.1	May 29	—	0.1	—
TR City London 3rd int	0.78	May 31	0.68	—	2.9

Dividends shown pence per sbare net except where otherwise stated.
* Equivalant after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday April 10 1985

WALL STREET

Recovery in IBM spurs gains

DEBT markets on Wall Street recovered their balance in calm trading yesterday, helped by the steadier tone of the dollar in its more measured response to the failure of Bevill, Bresler & Schulman Asset Management, the New Jersey-based trader in federal securities, *writes Terry Byland in New York.*

A recovery in IBM, whose trading results are expected tomorrow, also brought a round of gains in the stock market.

At 3pm the Dow Jones industrial average was down 0.44 at 1,252.54.

The credit markets opened nervously but gained confidence as the dollar edged up in early trading. Money market rates began to shade lower in light trading, with Treasury and banking certificates of deposit showing modest falls in rates – and thus, no sign of any "flight to quality" in the wake of the Bevill, Bresler problems.

Federal funds remained high and the Federal Reserve intervened with another $1.5bn in customer repurchase arrangements when the rate touched 8 11/16 per cent.

The failure of Bevill, Bresler, hard on the heels of the collapse of ESM Government Securities, has thrown further doubt over the repos market in federal securities and re-opened the question of regulation in the Government debt markets.

But the New Jersey firm was a relatively small player in the Wall Street debt markets, and its failure is not expected to cause problems for other traders or banks.

In the stock market, IBM rebounded $1⅛ to $125 as traders awaited this week's announcement. The computer monarch has already warned that results will be disappointing, and the stock has recovered, after discounting the boardroom prediction.

Digital Equipment, $1⅛ up at $101⅜ and Burroughs, $1¼ higher at $59¼, were other technology issues to follow IBM's lead. Motor stocks also recovered their form, led by a $⅝ gain to $72¾ in General Motors and a similar gain in Ford, which put the stock at $42⅝.

The season of first-quarter corporate results opened with figures from International Paper, the world leader in its industry, and from Abbott Laboratories, the major pharmaceutical and hospital equipment group.

Poor results had been expected from International Paper and at $8⅞, the stock held unchanged. Other paper industry stocks were also quiet.

Abbott Laboratories was similarly unchanged at $52¼ after disclosing an increase in profits that was much in line with expectations. The rest of the drug sector turned cautiously lower, awaiting trading results from the other major names.

Institutional buying of Uniroyal lifted the stock $1 to $17⅞ while Goodyear Tire at $27¼, gained $¼, despite warning of lower first-quarter profits.

Heavy turnover in Unocal saw the shares lose $⅞ to $48⅞ against the offer from the Pickens camp of $54 a share for 51 per cent of the equity. Cox Communications at $76¼ remained well above the offer from the family interests, despite some doubts on Wall Street as to prospects for a higher bid. Papercraft jumped $2¼ to $19⅛ after agreeing to a $240m leveraged buyout proposal.

A weak feature again was CBS, which fell a further $2½ to $108 as the lower profits – and waning bid hopes – brought out the sellers.

On the American Stock Exchange, the American depositary receipts of Imperial Group, the UK tobacco giant, held unchanged at $2¼ after a block deal of 1.5m ADRs was crossed by Salomon Bros.

The bond market showed gains of about a quarter of a point in modest trading. Traders now face a slack period for new Treasury issues and expect some comfort from federal economic data. Retail sales for March, due for announcement this week, are likely to show a significant slowdown of the recent trend.

LONDON

Holiday mood is extended

INVESTORS extended their Easter recess in London yesterday and a general lack of enthusiasm left stocks mixed to easier.

Apart from Blue Circle, down 8p to 477p, and NatWest Bank, 10p lower at 590p, falls among constituents of the FT Ordinary share index rarely exceeded more than a few pence. The index closed 6.6 down at 955.9.

Longer-dated Government securities moved up ½ despite worries about money supply trends. The latest figures are due to be announced today and forecasts range to a possible rise of 1½ per cent in sterling M3 and of a further increase in bank lending.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34–35.

AUSTRALIA

A WEAKER domestic currency and better metal prices took Sydney stocks to *further records* and the All Ordinaries index added 3.8 to 845.7 from the previous high set last Thursday.

Aided by improved copper and gold prices, BHP jumped 14 cents to A$6.26, CSR put on 4 cents to A$3.00 and Bougainville 3 cents to A$2.45.

Biscuit-makers Arnotts fell 50 cents to A$4.10 and its takeover target Allied Mills ended unchanged at A$2.75 on the final day of the A$3.35 a share bid. Bond Corporation remained steady at A$1.45 and is not expected to win control of Arnotts because more than 50 per cent of the foods group's capital is in friendly hands.

HONG KONG

LATE buying pulled stocks up from early lows in Hong Kong as overseas investors sought shares. The Hang Seng index ended 8.97 higher at 1,480.22 having been a net 12.49 lower at midsession.

Jardine Matheson was 10 cents firmer at HK$11.30, ahead of a denial from Trafalgar House of the UK that it was seeking a controlling stake in the Hong Kong-based trading group.

In banks, Hongkong and Shanghai Bank picked up 10 cents to HK$9.00, but Hang Seng was 25 cents lower at HK$48.75.

SOUTH AFRICA

GOLD stocks rallied as the bullion price firmed in Johannesburg where most prices ended higher.

Randfontein Estates put on R1 to R216, Kloof picked up R1.50 to R81 and Southvaal added R2 to R193.

Industrials, while showing little activity, ended firmer with blue chips gaining most attention. Diamond stock De Beers continued to gain, putting on a further 5 cents to R10.25.

Impala Platinum rose 50 cents to R22.75 while Rustenburg Platinum dropped 10 cents to R17.90.

CANADA

GAINS among some gold and oil stocks enabled Toronto to move strongly ahead, breaking out of the downward path taken the previous session.

Among the major oil companies, Texaco Canada rose C$¾ to trade at C$35¼, Imperial Oil C$1⅛ to C$53⅜ and Shell Canada C$⅜ to C$27⅛.

In the gold sector, Lake Shore Mines added C$1¼ to C$49¼, Giant Yellowknife C$1¼ to C$15¼ and Echo Bay Mines C$¼ to C$16¼.

Montreal also traded higher.

SINGAPORE

SOME late selling left Singapore easier, after a thin day's trading, and the Straits Times industrial index slipped 3.91 to 812.22.

Against the lower trend, the finance sector found support, particularly from London. Development Bank of Singapore, which lowered its interest rates on some mortgage loans, held steady at S$8.25.

TOKYO

Lure of old favourites reappears

MEDIUM and low-priced shares were at the centre of attention during early lacklustre trading in Tokyo yesterday, but the lure of recently-popular biotechnology-related issues reappeared later in the session, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 5.53 points to 12,630.43. Volume remained high at 485.26m shares, up from Monday's 464.29m, while gains outpaced losses by 387 to 378 with 143 issues unchanged.

The inflow of funds into the market has declined rapidly in recent days.

Many foreign investors remained absent from the Tokyo stock market because of Easter holidays, while domestic institutional investors kept a low profile, awaiting the Government's announcement later in the day of new external economic measures designed to ease trade friction.

Individual investors, particularly speculators, dominated the market, buying medium and low-priced shares on expectations of being able to sell them for a quick profit.

Kawasaki Kisen topped the active list with 45.91m shares changing hands. Investors were encouraged by the improved margin trading position of the stock, which rose Y15 to Y220 before coming under late profit-taking pressure to finish Y3 up at Y208.

Among other medium and low-priced issues some fisheries were heavily traded. Taiyo Fishery ranked third on the active list with 13.97m shares changing hands and gaining Y10 to Y266. Nichiro Gyogyo also firmed Y4 to Y176.

Most construction stocks gained ground on expectations that the Government will ease restrictions on urban renewal. Kajima Corp added Y12 to Y300 and Obbayashi-Gumi Y7 to Y239.

Nippon Oil and Fats was an active feature but late selling drove the stock down Y6 to Y610. Nippon Formula Feed put on Y30 to Y360.

In the wake of Kawasaki Kisen's setback in the afternoon investor interest began to return to biotechnology shares. Toyojozo climbed Y60 to Y1,850, Asahi Chemical Y30 to Y900 and Sankyo Y60 to Y1,440.

The bond market strengthened in thin trading in response to Trust Fund Bureau purchases of long-term government bonds. The bureau bought Y30bn worth of bonds from three securities houses and six banks. The yield on the *benchmark* 7.3 per cent government bond, due in December 1993, slipped to 6.690 per cent from Monday's 6.710 per cent.

EUROPE

Inspiration is sorely lacking

INVESTORS failed to find much inspiration as they returned to the bourses yesterday after the Easter holiday weekend. Most European centres ended little changed after a lacklustre day's trading.

In Frankfurt shares ended marginally higher after the emergence of some late foreign demand but the midsession calculation of the Commerzbank index registered a 0.8 decline to 1,193.9.

Chemicals were steady with Hoechst up DM 1.70 on Thursday's level at DM 209.70. Bayer added DM 1.20 to DM 213.30 and BASF gained 90 pfg to DM 205.90.

Engineering stocks saw Linde down DM 1.50 to DM 413.50, GHH was unchanged at DM 157.50 and KHD slipped 30 pfg to DM 249.50.

In the banking sector Dresdner was unchanged at DM 169.90. Deutsche Bank added DM 1.30 to DM 440 and Commerzbank put on DM 1 to DM 164.

The motor sector was mixed with Daimler down DM 2 at DM 656, VW up DM 1 to DM 203 and BMW unchanged at DM 371. Porsche was DM 20 lower at DM 1,205.

Bonds were little changed in quiet trading and the Bundesbank sold DM 6.4m of paper, after sales totalling DM 22.2m last Thursday.

It was reported that the Bundesbank was expected to detail new proposals for capital market regulation after further talks with West German banks on Friday.

Amsterdam recovered from early declines although the market remained thin throughout the day. The ANP-CBS general index picked up 0.7 to 204.3.

Among major companies Hoogovens shed a 20 cent opening gain to close unchanged at Fl 62.10, despite last week's announcement of the first dividend payment since 1976. Akzo found foreign demand, adding Fl 2.20 to Fl 111.

The banking sector was weak with NMB down 70 cents at Fl 166.20. ABN shed 50 cents to Fl 398 ahead of today's annual report.

Heavy foreign demand was seen for shipper Nedlloyd which rose Fl 3.80 to Fl 184.30. Retailer Ahold was 30 cents ahead at Fl 213.30 ahead of its annual report, also due today.

Bonds were unchanged over a broad front in very slow trading.

Paris held steady at higher opening levels, extending the recent advance.

Carrefour picked up much of a sharp early decline to close FFr 3 lower at FFr 2,137 as it announced higher net sales and group profits for 1984.

Air Liquide was also FFr 3 lower at FFr 646, after it received a letter of intent to construct the second stage of an oxygen production plant in Korea.

Zurich was little changed with many operators extending their Easter holiday.

An exception to a mostly steady banking sector was Credit Suisse, SwFr 15 lower at SwFr 2,405.

Elsewhere Alusuisse, which last week forecast that its 1985 performance would be roughly in line with 1984, rose SwFr 1 to SwFr 856.

Among the blue chips Nestlé rose SwFr 10 to SwFr 6,340, Sandoz SwFr 25 to SwFr 7,825 and Ciba-Geigy SwFr 15 to SwFr 2,840.

In Brussels analysts speculated that utilities could benefit if cuts – announced by the Banque Nationale de Belgique – in treasury bill rates carried over to the longer end of the market.

Market leader Petrofina added BFr 50 to BFr 6,900. The stock has recouped some of its recent losses after the company responded to rumours about the stability of a North Sea oil drilling platform by saying it would not have much impact on per share earnings.

Non-ferrous metals were mixed to lower. Vieille Montagne was unchanged at BFr 6,400 but Hoboken declined BFr 150 to BFr 5,720.

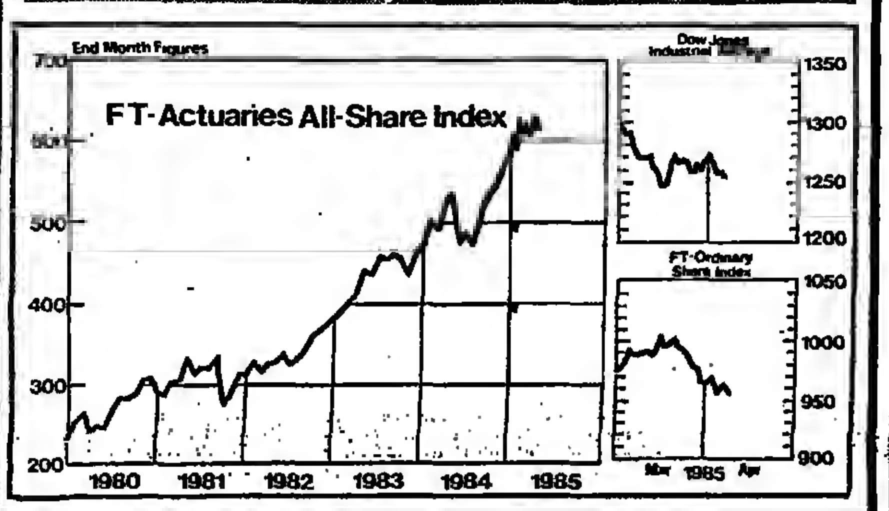
Retailer Delhaize continued its advance, putting on a further BFr 60 to BFr 7,660.

Milan edged ahead. Fiat rose L45 to L2,880 as it raised domestic car prices and Pirelli gained L41 to L2,169.

The stock exchange commission introduced a 100 per cent compulsory cash deposit on short-term transactions of Ausonia Assicurazioni shares, to curb speculative pressure following expectations of a takeover bid for the insurance group. The shares advanced a further L140 to L1,160.

Madrid was lower and Stockholm was mixed.

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 9	Previous	Year ago
NEW YORK			
DJ Industrials	1,252.54*	1,252.98	1,133.90
DJ Transport	588.57*	587.13	484.88
DJ Utilities	154.39*	154.39	125.24
S&P Composite	178.35*	178.04	155.45
LONDON			
FT Ord	955.9	962.5	878.6
FT-SE 100	1,270.2	1,278.5	1,096.7
FT-A All-share	612.14	615.7	510.98
FT-A 500	670.76	674.38	551.44
FT Gold mines	516.2	509.3	669.7
FT-A Long gilt	10.59	10.59	10.09
TOKYO			
Nikkei-Dow	12,630.43	12,635.96	10,890.7
Tokyo SE	986.54	987.65	853.34
AUSTRALIA			
All Ord.	845.7	842.0	758.6
Metals & Mins.	545.5	544.4	540.7
AUSTRIA			
Credit Aktien	74.86	74.72	54.93
BELGIUM			
Belgian SE	2,276.23	2,279.17	–
CANADA			
Toronto			
Metals & Minls	2,049.2*	2,038.06	2,230.0
Composite	2,607.6*	2,599.54	2,321.4
Montreal			
Portfolio	128.69*	128.30	113.14
DENMARK			
Copenhagen SE	185.8	186.06	183.25
FRANCE			
CAC Gen	218.0	215.7	169.5
Ind. Tendance	118.2	118.0	89.3
WEST GERMANY			
FAZ-Aktien	413.31	412.99	342.88
Commerzbank	1,193.90	1,194.7	1,005.9
HONG KONG			
Hang Seng	1,480.22	1,471.25	1,070.27
ITALY			
Banca Comm.	270.81	265.11	211.54
NETHERLANDS			
ANP-CBS Gen	204.3	203.6	159.5
ANP-CBS Ind	164.2	164.1	129.0
NORWAY			
Oslo SE	313.91	313.36	268.26
SINGAPORE			
Straits Times	812.22	820.64	898.12
SOUTH AFRICA			
Golds	1,092.4	1,067.9	1,022.3
Industrials	907.2	901.0	1,052.7
SPAIN			
Madrid SE	111.98	111.73	82.77
SWEDEN			
J & P	1,409.43	1,400.81	1,551.22
SWITZERLAND			
Swiss Bank Ind	418.4	418.4	370.1
WORLD	Apr 5	Prev	Year ago
Capital Int'l	200.8	200.8	187.7

GOLD (par ounce)

	Apr 3	Prev
London	$323.00	$317.75
Zürich	$322.05	$317.50
Paris (fixing)	$322.82	$317.97
Luxembourg	$323.75	$316.50
New York (Apr)	$324.40*	$325.00

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Apr 9	Previous	Apr 9	Previous
$	–	–	1.206	1.1965
DM	3.151	3.17375	3.7975	3.79
Yen	254.95	254.4	307.22	304.0
FFr	9.6175	9.69	11.5725	11.555
SwFr	2.6615	2.685	3.2075	3.20875
Guilder	3.5545	3.59	4.2925	4.28
Lira	2,006.5	2,022.5	2,419.0	2,417.5
BFr	63.35	63.75	76.35	76.25
C$	1.3737	1.3782	1.645	1.6475

INTEREST RATES

	Apr 9	Prev
Euro-currencies		
(3-month offered rate)		
£	13 5/16	13 7/16
SwFr	5 11/16	5 11/16
DM	6 1/16	6 1/16
FFr	10 15/16	11
FT London interbank fixing		
(offered rate)		
3-month U.S.$	9 1/16	9⅛
6-month U.S.$	9½	9⅝
U.S. Fed Funds	8 11/16*	8½
U.S. 3-month CDs	8.70*	8.65
U.S. 3-month T-bills	8.09*	8.115

U.S BONDS

Treasury		Apr 9* Price	Yield	Prev Price	Yield
10⅜	1987	100 15/32	10.42	100 13/32	10.46
11⅜	1992	100 13/32	11.67	100 9/32	11.59
11¼	1995	97 11/32	11.71	97 5/32	11.74
11¼	2015	96 9/32	11.71	96	11.73
Corporate		**Apr 9***		**Prev**	
AT & T		Price	Yield	Price	Yield
10⅜	June 1990	95¼	11.49	95⅜	11.49
3⅞	July 1990	73⅝	10.62	73⅝	10.62
8⅜	May 2000	75⅜	12.32	75⅜	12.32
Xerox					
10⅝	March 1993	93⅛	12.00	93⅛	12.00
Diamond Shamrock					
10⅜	May 1993	92½	12.40	92½	12.40
Federated Dept Stores					
10⅜	May 2013	86.153	12.40	86.153	12.40
Abbot Lab					
11.80	Feb 2013	94.920	12.45	94.920	12.45
Alcoa					
12¼	Dec 2012	95.078	12.90	95.078	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
June	69-06	69-06	68-24	68-28
U.S. Treasury Bills (IMM)				
$1m points of 100%				
June	91.54	91.56	91.42	91.46
Certificates of Deposit (IMM)				
$1m points of 100%				
June	90.78	90.76	90.62	90.65
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	90.27	90.30	90.23	90.15
20-year Notional Gilt				
£50,000 32nds of 100%				
June	106–11	106–12	106–00	105–28

COMMODITIES

(London)	Apr 10	Prev
Silver (spot fixing)	550.05p	528.95p
Copper (cash)	£1,226.50	£1,189.00
Coffee (May)	£2,171.50	£2,194.00
Oil (spot Arabian light)	$27.70	$27.675

Prices at 3pm. April 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	16⅛	AAR	.48	2.6	14	91	18⅝	18⅝	18⅝	
19¾	9⅜	AGS			8	292	11	10¼	11	+⅝
16⅛	10	AMCA				8	10⅝	10½	10⅝	+⅛
19½	13⅛	AMF	.50	2.7	41	450	18½	18⅜	18⅜	−⅛
43¼	24¼	AMR			8	1959	40¾	40	40¼	
20½	10⅝	AMR pf2.18		11.		35	20½	20⅜	20½	
23	19	ANR pf2.12		11.		2	19½	19½	19½	
14¼	8½	APL			39	24	9	9	9	
87¼	44⅜	ASA	2	3.7		428	53⅛	53⅜	53¾	
27	18	AVX	.32	1.0	10	73	17⅛	17	17	−⅛
54	36¾	AbtLab	1.46	2.7	18	x1596	52¾	51⅞	52⅛	
25⅞	18⅜	AccoWds	.44	2.1	17	308	21¼	20¾	21⅛	+⅛
22	12½	AcmeC	.40	2.8		583	15⅜	13½	13¾	−1⅞
10½	8¼	AcmeE	.32b	5.8	11	13	9	8⅞	9	
17⅝	15	AdaEx	2.11e	13.		109	16½	16¼	16¼	
20	11⅞	AdmMl	.32	1.9	7	27	17⅛	16⅝	16⅝	−¼
19⅞	8⅝	AdvSys			17	99	10⅞	10⅝	10¾	−⅛
41⅛	25⅛	AMD			13	1396	31⅜	30⅜	30⅝	−⅜
12¾	6⅞	Advest	.12	1.4		85	8⅞	8¾	8¾	−¼
14⅝	8¾	Aeroflex			12	35	12¼	12⅛	12⅛	−¼
42⅝	27¼	AetnLf	2.64	6.7	38	552	39¾	39⅛	39⅜	−⅜
58¾	52⅜	AetL pf5.83e		11.		54	54¾	54¾	54¾	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 9

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		WebbD	20e	1.0	12	01	$20\frac{1}{2}$	20	20	$-\frac{1}{2}$
		WeisMr	70	1.8	13	29	40	$39\frac{5}{8}$	$39\frac{5}{8}$	$-\frac{1}{4}$
		WellsF	2.40	4.4	8	40	55	$54\frac{5}{8}$	$54\frac{5}{8}$	$-\frac{1}{4}$
		WelFM	2.80	10.	12	32	27	$26\frac{7}{8}$	27	$+\frac{1}{4}$
		Wendy s	21	1.2	18	719	$17\frac{1}{4}$	$17\frac{1}{8}$	$17\frac{1}{4}$	
		WestCo	.44	2.1	12	10	$20\frac{1}{8}$	$20\frac{5}{8}$	$20\frac{5}{8}$	$-\frac{5}{8}$
61	$42\frac{1}{2}$	Wolw	pf2.20	3.7		5	$59\frac{1}{4}$	$59\frac{1}{4}$	$59\frac{1}{4}$	+1
$5\frac{1}{8}$	$2\frac{3}{8}$	WrldAr				37	4	$3\frac{7}{8}$	$3\frac{7}{8}$	
$64\frac{1}{2}$	$46\frac{1}{4}$	Wrigly	1.80a	2.9	11	130	$62\frac{1}{4}$	$61\frac{1}{2}$	62	$+\frac{5}{8}$
$6\frac{1}{8}$	$3\frac{1}{8}$	Wurlitr				32	$4\frac{3}{8}$	$4\frac{1}{4}$	$4\frac{1}{4}$	
10	$10\frac{3}{4}$	WyleLb	32	2.7	10	5	$11\frac{7}{8}$	$11\frac{7}{8}$	$11\frac{7}{8}$	
$23\frac{3}{8}$	17	Wynns	60	3.0	7	50	$19\frac{3}{4}$	$19\frac{3}{4}$	$18\frac{3}{4}$	
		X Y Z								
$46\frac{1}{4}$	$33\frac{1}{4}$	Xerox	3	7.0	17	1210	43	$42\frac{1}{4}$	$42\frac{7}{8}$	$+\frac{3}{8}$
$31\frac{3}{8}$	$45\frac{1}{4}$	Xerox	pf5.45	11		11	$51\frac{1}{8}$	$50\frac{3}{4}$	$50\frac{7}{8}$	$-\frac{1}{4}$
30	24	ZaleCp	1.32	4.7	0	260	$28\frac{1}{4}$	$27\frac{3}{4}$	28	$+\frac{1}{8}$
$24\frac{7}{8}$	$13\frac{3}{8}$	Zapata	84	5.8	17	657	$14\frac{1}{2}$	$14\frac{1}{4}$	$14\frac{1}{2}$	$+\frac{1}{4}$
58	30	Zayre	40b	7	14	311	$54\frac{3}{8}$	$53\frac{3}{4}$	$54\frac{1}{4}$	
$31\frac{1}{4}$	$18\frac{7}{8}$	ZenithE			7	200	$21\frac{7}{8}$	$21\frac{1}{8}$	$21\frac{1}{8}$	$-\frac{3}{8}$
$21\frac{7}{8}$	$14\frac{3}{8}$	Zero	s		18	81	$17\frac{5}{8}$	$17\frac{3}{8}$	$17\frac{3}{8}$	$+\frac{1}{8}$
$31\frac{3}{8}$	$21\frac{1}{8}$	Zurnln	1.32	4.8	10	69	$27\frac{1}{4}$	27	$27\frac{1}{4}$	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 9	Price Sch%	+ or —
Creditanstalt	270	+10
Goesse	462	+2
Interunfall	630	+15
Laenderbank	258	+9
Perimooser	377	—12
Steyr-Daimler	171	+1
Veitscher Mag	382	—5

BELGIUM/LUXEMBOURG

Apr. 9	Price Frs.	+ or —
B.B.L.	1,915	—15
Banq. Int. A. Lux	6,150	......
Bekaert B	6,900	—30
Ciment CBR	2,585	+20
Cockerill	261	—11
Delhaize	7,660	+60
EBES	5,135	—6
Electrobel	8,600	......
Fabrique Nat	9,020	—50
GB Inno BM	3,160	+35
GBL (Brux)	2,016	+10
Gevaert	4,033	......
Hoboken	6,790	—100
Intercom	2,295	—0
Kredietbank	8,390	+80
Pan Hldgs	11,100	......
Petrofina	6,900	+50
Royale Belge	11,900	+200
Soc. Gen. Banq	3,400	......
Soc. Gen. Belge	2,010	—20
Sofina	7,620	+110
Solvay	4,350	—30
Stanwick Intl.	1,640	—10
Tractionel	4,125	......
UCB	6,830	—10
Wagon Lits	9,750	—90

DENMARK

Apr. 9	Price Kr %	+ or —
Andelsbanken	287	+1
Baltic Skand	625	......
CopHandelsbank	308	+8
D. Sukkerfab	555	......
Danske Bank	297	+6
De Danske Luft	1,200	......
East Asiatic	180	—4
Forenede Brygg.	865	......
Forenede Damp.	192	+5
GNT Hldg	439	......
I.S.S.B.	475	......
Jyske Bank	625	......
Novo Ind	1,505	—35
Privatbanken	274	+8
Provinsbanken	357	+4
Smidth (F)	240	—5
Sophus Berend	1,055	......
Superfos	477	—3

FRANCE

Apr. 9	Price Frs.	+ or —
Emprunt 4½% 1975	1735	+34
Emprunt 7% 1973	8455	+5
Accor	270.5	—8.5
Air Liquide	646	—5
BIC	621	+1
Bongrain	1,882	......
Bouygues	660	—18
BSN Gervais	2,405	+4
CIT Alcatel	1,380	—8
Carrefour	2,137	—3
Club Mediter'n	1,188	+18
Cie Bancaire	645	+5
Cofimeg	280.1	......
Damart	2,380	+70
Darty	1,320	—10
Dumez S.A.	632	+7
Eaux (Cie Gen)	628	—2
Elf-Aquitaine	246.5	+0.5
Essilor	2,885	—25
Gen. Occidentale	701	—4
Imetal	109.7	+9.5
Lafarge Coppee	484.6	—1.5
L'Oreal	2,480	—5
Legrand	2,125	+16
Maisons Phenix	230	—0.1
Matra S.A.	1,863	—6
Michelin B	975	—5
Midi (Cie)	9,200	—15
Moet Hennessy	1,870	—20
Moulinex	115.5	+4.5
Nord Est.	87.5	—0.5
Pernod Ricard	700	+4
Perrier	500	......
Petroles Fra.	265.0	—0.1
Peugeot S.A.	311.5	—2.5
Printemps Aux	234.0	+1.6
Radiotech	291	—3
Redoute	1,381	+36
Roussel-Uclaf	1,700	—28
Sefimeg	335	......
Skis Rossignol	3,849	+69
Telemech Elect.	2,620	+20
Thomson CSF	569	+1
Valeo	228	+6

GERMANY

Apr. 9	Price Dm.	+ or —
AEG-Telef	110.2	......
Allianz Vers	1055xr	—8
BASF	205.8	+0.8
Bayer	213.3	+1.8
Bayer-Hypo	337.5	+1.6
Bayer-Verein	328	—1
BHF Bank	269	+2.5
BMW	371	......
Brown Boveri	214.2	+0.1
Commerzbank	164	+1
Cont'l. Gummi	159.8	......
Daimler-Benz	658	—2
Degussa	360	......
D'sche Babcock	163	—3
Deutsche Bank	440	+1.3
Dresdner Bank	189.8xr	......
GHH	157.5	......
Hochtief	475	......
Hoechst	209.7	+1.7
Hoesch Werke	114	+1.3
Holzmann (P)	395	......
Horten	170	......
Hussel	294	......
Karstadt	211.8	+0.8
Kaufhof	228	—1.8
KHD	246.5xr	—0.5
Kloeckner	73	+0.9
Linde	413.5	—1.6
Lufthansa	196.5	+2
MAN	154.5	+0.5
Mannesmann	164.8	—0.2
Mercedes Hld.	581	......
Metallgesel	249	—1
Munich Rueck	1146	......
Nixdorf	551.5	+1.7
Porsche	1205xd	—20
Preussag	275	+8.5
Rhein West Elect	153	—2
Rosenthal	241	+1
Schering	449.5	—0.5
Siemens	558.5xd	+0.6
Thyssen	100.9	+0.7
Varta	183	—1
Veba	178	—0.1
V.E.W.	126.6	+0.1
Verein-West	316	......
Volkswagen	205	+1

ITALY

Apr. 9	Price Lira	+ or —
Banca Com'le	16,850	+250
Bastogi IRBS	212.5	+4.5
Cl Invest	6,385	......
Centrale	6,452	+2
Credito Varesino	6,911	—89
Fiat	2,880	+45
Finsider	52	+1
Generali Assicur.	41,900	—90
Italcementi	81,600	+1200
La Rinascente	659	+15.8
Montedison	1,500	—4
Olivetti	6,253	+73
Pirelli Co	4,180	+55
Pirelli Spa	2,189	+45
Snia BPD	2,748	+50
Toro Assic.	14,389	+319
do Pref	10,950	+100

NETHERLANDS

Apr. 9	Price Fls	+ or —
ACF Holding	187	—0.5
AEGON	184.8	+0.3
Ahold	913.5	+0.6
AKZO	111	+2.2
ABN	398	—0.5
AMEV	918.5	+3.5
AMRO	73.2	—0.1
Bredero Cert	159	......
Bos Kalis Westm.	18.8	+0.1
Buehrmann-Tet.	89.6	—1.4
Calland Hldgs.	33.8	—0.2
Dordtsche Pet'm	179.5	—0.9
Elsevier NDU	109.8	—1
Fokker	98	—1
Gist Brocades	182	+0.9
Heineken	167	—0.3
Hoogovens	62.1	......
Int Mueller	60.8	+0.8
KLM	57.7	......
Naarden	47.8	+0.1
Nat Ned Cert	69.5	+0.1
Ned M'd Bank	168.2	—0.7
Nedlloyd	184.6	+5.8
Oce Grinten	314.5	+1.5
Ommeren (Van)	30.7	+0.5
Pakhoed	67.4	+0.7
Philips	67.5	—0.1
Robeco	71.8	—0.5
Rodamco	138.2	+0.2
Rolinco	67	—0.2
Rorento	44.3	......
Royal Dutch	209.9	—0.5
Unilever	341.6	+0.5
VMF Stork	148.5	......
VNU	208.5	+1
West Utr Bank	103.1	—0.4

NORWAY

Apr. 9	Price Kroner	+ or —
Bergens Bank	149	......
Borregaard	575	+7
Christiania Bank	141	—0.5
DenNorske Cred	148	+9
Elkem	141	+1
Kvaerner	169	—7
Norsk Data	385	......
Norsk Hydro	107.5	—0.5
Storebrand	233	—2.5

SPAIN

Apr. 9	Price Pta %	+ or —
Bco Bilbao	337	......
Bco Central	318	......
Bco Exterior	204	—1
Bco Hispano	158	......
Bco Popular	378	......
Bco Santander	548	—1
Dragados	175	......
Hidrola	84.7	—0.5
Iberduero	96.5	—1.2
Petroleos	152.5	—0.2
Telefonica	129	......

SWEDEN

Apr. 9	Price Kronor	+ or —
AGA	389	......
Alfa Laval	198	—8
ASEA (Free)	604	—1
Astra (Free)	875	......
Atlas Copco	109	+5
Cardo (Free)	250	......
Cellulosa	118	......
Electrolux B	317	+3
Ericsson	291	......
Esselte	345	......
Mo och Domsjo	240	+5
Pharmacia	206	—5
Saab Scania Free	446	+1
Sandvik	385	......
Skandia	335	+11
Skan Enskilda	47.5	—0.5
SKF	208	—9
St Kopparbergs	131	—2
Sven Handelsbn.	102	+1
Swedish Match	290	+3
Volvo B (Free)	377	—3

SWITZERLAND

Apr. 9	Price Frs.	+ or —
Alusuisse	856	+1
Bank Leu	6,675	—15
Brown Boveri	1,635	—10
Ciba Geigy	2,840	—15
do. (Part Certs)	9,270	—20
Credit Suisse	2,405	—15
Elektrowatt	2,870	+6
Fischer (Geo.)	730	—5
Hoff-Roche PtCts	87,950	—250
Hoff-Roche 1/10	8,725	—25
Jacobs Suchard	6,380	+5
Jelmoli	1,900	—20
Landis & Gyr	1,675	+5
Nestle	6,340	+10
Oer-Buehrle	1,490	+5
Pirelli	298	—2
Sandoz (Br)	7,825	+25
Sandoz (PtCts)	1,528	+18
Schindler (PtCts)	785	......
Sika	1,100	......
Surveillance	4,170	......
Swissair	1,075	—5
Swiss Bank	364	—8
Swiss Reinsce	10,050	......
Swiss Volksbk	1,400	—5
Union Bank	3,665	......
Winterthur	3,795	+5
Zurich Ins.	21,400	+200

AUSTRALIA

Apr. 9	Price Aust $	+ or —
ANZ Group	4.6	—0.05
Alliance Oil Dev.	1.05	—0.02
Ampol Pet.	1.85	—0.02
Ashton	0.97	—0.02
Aust. Cons. Ind	2.15	+0.01
Aust. Guarantee	2.5	......
Aust. Nat. Inds	2.95	—0.05
Aust. Paper	2.7	+0.04
Bell Group	6.7	—0.06
Bell Res.	6.72	+0.02
Bond Corp Hldgs	1.45	......
Boral	3.2	......
Bougainville	2.45	+0.05
Brambles Inds	5.95	+0.07
Bridge Oil	2.35	......
B.H. Prop.	6.28	+0.14
CRA	6.18	......
CSR	5.0	+0.04
Castlemaine Tys.	4.84	+0.02
Coles (G.J.)	3.73	+0.05
Comalco "A"	2.8	—0.07
Consolidated Pet.	0.46	—0.02
Costain Aust.	1.60	......
Dunlop Olympic	2.25	—0.32
Elders IXL	5.2	......
Energ Res.	1.4	—0.02

AUSTRALIA (continued)

Apr. 9	Price Aust $	+ or —
Gen. Prop. Trust	2.9	+0.05
Hardie (James)	3.15	+0.05
Hartogen Energy	2.45	+0.05
Herald W'y Times	4.3	+0.10
ICI Aust.	2.0	—0.07
Jimberlana F.P.	0.28	—0.02
Kia Ora Gold	0.16	......
Lend Lease	8.3	—0.04
MIM	3.38	—0.04
Meyne Nickless	5.23	......
Myer Emporium	1.85	+0.03
Nat. Aust. Bank	3.46	......
News	7.0xc	+0.04
Nicholas Kiwi	1.98	......
North Bkn Hill	2.6	+0.05
Oakbridge	0.82	+0.02
Pancont'l	1.02	+0.02
Pioneer Conc	1.72	+0.09
Poseidon	4.05	+0.15
Queensland Coal	1.54	......
Reckitt & Coln.	3.58	+0.08
Repco	1.8	—0.01
Santos	6.24	......
Smith (Howard)	4.3	+0.05
Thos. Natwide	1.89	+0.03
Tooth	6.8	......
Vamgas	6.9	—0.25
Western Mining	4.14	—0.02
Westpac Bank	3.47	—0.21
Woodside Petrol	1.16	+0.06
Woolworths	3.1	—0.02
Wormald Intl.	5.55	—0.05

HONG KONG

Apr. 9	Price H.K.$	+ or —
Bank East Asia	23.1	+0.4
Cheung Kong	15.4	+0.5
China Light	15.4	......
Evergo	1.16	......
Hang Seng Bank	48.75	—0.25
HK Electric	7.65	—0.1
HK Kowloon Wh.	0.6	......
HK Land	5.36	+0.1
HK Shanghai BK.	8.0	+0.1
HK Telephone	71.5	—0.5
Hutchinson Wpa	26.4	+0.2
Jardine Math.	11.3	+0.1
New World Dev.	6.6	+0.1
Orient O'seas	9.29	......
O'seas Trust Bk	2.88	—0.03
SHK Props.	9.75	+0.05
Shell Elect.	1.5	......
Swire Pac A	23.8	—0.1
TV-B	6.2	......
Wheel'k Mard A.	7.25	—0.05
Wheel'k M'time	1.10	......
World Int. Hldns.	2.07	—0.02

JAPAN

Apr. 9	Price Yen	+ or —
Ajinomoto	1,080	+10
Alps Electric	1,870	+10
Amada	1,060	+10
Asahi Chem	900	+30
Asahi Glass	894	+10
Bridgestone	628	—2
Canon	1,270	—10
Casio Comp.	1,690	......
Chugai Pharm.	1,150	+10
Citizen	546	—3
Daiei	614	+5
Dai Nippon Ptg	1,010	......
Daiwa House	654	+7
Ebara	474	+14
Eisai	1,710	—10
Fanuc	5880xr	—100
Fuji Bank	1,560	......
Fuji Film	1,690	—10
Fujisawa	1,090	—10
Fujitsu	1,110	—10
Green Cross	3,420	—30
Hasegawa	374	—1
Heiwa Real Est	881	+18
Hitachi	824	+1
Hitachi Credit	1,080	+10
Honda	1,530	—10
House Food	708	+1
Hoya	2,190	—10
Itoh (C)	567	—15
Ito Yokado	2,630	+10
Iwatsu	1,000	......
JACCS	524	+2
JAL	6,160	+60
Jusco	739	+14
Kajima	300	+18
Kao Soap	810	—9
Kashiyama	623	+17
Kirin	617	+2
Kokuyo	902	—8
Komatsu	448	+4
Konishiroku	670	—1
Kubota	350	+17
Kumagai	680	+7
Kyoto Ceramic	5,610	—90
Maeda Const.	609	+19
Makino Milling	1,240	+10
Makita	1,000	......
Marubeni	318	+5
Marudai	670	+8
Marui	1,040	+9
MEI	1,490	—20
M'ta Elec Works	768	+9
M'bishi Bank	1,530	—20
M'bishi	525	—2
M'bishi Elect	403	......
M'bishi Estate	619	—9

JAPAN (continued)

Apr. 9	Price Yen	+ or —
MHI	267	+9
Mitsui	350	—2
Mitsui Estate	687xc	......
Mitsukoshi	490	—4
NGK Insulators	813xc	—2
Nihon Cement	265	+8
Nippon Denso	1,350	+10
Nippon Elect	1,080	+10
Nippon Express	570	+5
Nippon Gakki	1,930	—20
Nippon Kokan	137	—1
Nippon Oil	880xc	+18
Nippon Seiko	660	—3
Nippon Shimpan	664	—4
Nippon Steel	151	—1
Nippon Suisan	362	—8
NTV	10100xc	—140
Nippon Yusen	245xc	—7
Nissan Motor	655	—2
Nisshin Flour	520	—10
Nisshin Steel	172	......
Nomura	1,190	+10
Olympus	1,160	—10
Orient Leasing	2,990	—10
Pioneer	2,610	—30
Renown	630	+5
Ricoh	901	+1
Sankyo	1,440	+60
Sanyo Elect	461	—2
Sapporo	457	......
Sekisui Prefab	583	+4
Seven-Eleven	8,330	+80
Sharp	1,000	+1
Shimadzu	715xc	......
Shionogi	717xc	+2
Shiseido	1,210	—10
Sony	4,370	—10
Stanley	934	+6
S'tomo Bank	1,710	—20
S'tomo Elect	885	......
S'tomo Marine	632	......
S'tomo Metal	151	......
Taihei Dengyo	477	+1
Taisei Corp.	218	+5
Taisho Pharm.	1,850	—10
Takeda	895	+16
TDK	5,510	—70
Teijin	470	+1
Teikoku	683	+29
Tokyo Marine	663	+19
TBS	780	+6
Tokyo Elect Pwr	1,650	+20
Tokyo Gas	173	—5
Tokyo Sanyo	696	—7
Tokyo Style	760	+20
Tokyu Corp	360	—7
Toppan Print	660	+4
Toray	480	—9
Toshiba Elect	403	—4
TOTO	641	—10
Toyo Seikan	685	+5
Toyota Motor	1,250	......
Victor	9,040	—30
Wacoal	712	—1
Yamaha	770	+5
Yamanouchi	4,030	+40
Yamazaki	640	+15
Yasuda Fire	472	—3
Yokogawa Bdge.	441	+12

SINGAPORE

Apr. 9	Price $	+ or —
Boustead Hldgs.	1.74	......
Cold Storage	2.79	—0.03
DBS	6.25	......
Genting	0.7	......
Haw Par. Bros.	2.5	—0.01
Hong Leong Fin.	2.9	—0.06
Inchcape Bhd.	2.44	—0.01
Keppel Shipyard	1.67	—0.07
Malay Banking	6.00	......
Malay Utd. Ind.	2.41	—0.02
Multi Purpose	0.89	+0.01
OCBC	9.15	......
OUB	5.9	......
Public Bank	1.53	—0.01
Sime Darby	1.99	......
Singapore Press	6.4	......
Straits Trdg.	4.6	+0.14
Tat Lee Bk	2.77	—0.01
UOB	4.46	......

SOUTH AFRICA

Apr. 9	Price Rand	+ or —
Abercom	1.65	+0.18
AE&CI	7.4	......
Allied Tech	64.5	......
Anglo Am Coal	40	......
Anglo Am Corp	96.1	+0.45
Anglo Am Gold	172.5	—1.5
Barclays Bank	14.95	......
Barlow Rand	10.50	+0.05
Buffels	84	+0.75
CNA Gallo	9.48	......
Currie Finance	3.55	......
De Beers	10.28	+0.05
Driefontein	53.75	—0.25
FS Geduld	67	+3
Gold Fields SA	83	+0.25
Highveld Steel	3.9	+0.05
Nedbank	9.85	—0.1
OK Bazaars	13.5	......
Protea Hldgs.	1.6	......
Rembrandt	35	+0.5
Rust Plat	17.9	—0.1
Safren	14.1	—0.15
Sage Hldgs.	7.3	+0.3
SA Brews	6.7	......
Smith (AC)	21.20	......
Tongaat Hulett	6.25	......
Unisec	4.75	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Prices at 1.30pm April 9

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales 7,618,977 shares

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 31

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER *Nasdaq national market, 2pm prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 40

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Ex 12 13-17	£119	+£1½
Tr 2 I. L. 1988	£110¾	+£¾
Common Bros	84	+8
Emperor Mines	202	+17
Friedl. Doggart	198	+12
G M Kalgoorlie	460	+25
Hunterprint	258	+8
Jarvis (J)	310	+30
Johnston Group	202	+10
LCA Hldgs	153	+7
Metana Minerals	144	+10
Miles 33	280	+10
Prestwich	130	+17
Upton (E) A	28	+8

FALLS

Barclays*	182prm	—10
Blue Circle	477	—8
Burn. & Hallams	50	—19
Ford (Martin)	37	—6
General Accident	585	—10
Gt Western Res	245	—10
LASMO	330	—7
Low & Bonar	368	—20
NatWest Bank	590	—10
Ocean Transport	184	—5
Royal Insce	575	—10
Tricentrol	243	—7
Williams Hldgs	270	—10

*Nil-paid

LONDON STOCK EXCHANGE

MARKET REPORT

Markets return from holiday on lacklustre note

Gilts rise but equities fall

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

The resumption of business in London stock markets after the four-day Easter recess presented few salient features yesterday. Turnover was moderate with markets tending to lack direction as they entered the final leg of an extended trading Account. Investors were unable to muster enthusiasm for leading shares but, in the wake of early sterling firmness, they did show some interest for Government bonds.

Slightly cautious views from several leading broking houses about the economy possibly encouraged some equity investors to establish portfolio profits at the start of the financial year, but the sales exerted little pressure on markets. International stocks were content to follow the ebb and flow of the exchange rate and fluctuated narrowly throughout the day.

The dollar eventually renewed its recent rise as concern over the failure of another U.S. securities firm subsided. This eroded the early gains in leading European currencies, but made little impact on stock markets. Apart from Blue Circle and NatWest Bank, falls among constituents of the FT Ordinary share index rarely exceeded more than a few pence. The index closed 6.6 down at the session's lowest of 955.9.

Longer-dated Government securities moved up ½ despite worries about money supply trends. The latest figures are due to be announced at 2.30 pm today and forecasts range to a possible rise of 1½ per cent in sterling M3 and of a further increase in bank lending. Institutional activity was light, with much of the demand representing bear-covering coupled with dealer book-squaring operations. Index-linked issues found scattered support after a recent lean spell and closed with gains stretching to ⅜.

Barclays dull

Further persistent small selling of Barclays Bank new nil-paid shares saw the price fall steadily to close 10 down at 182p premium; the old shares settled 12 lower at 333p. The other major clearing banks drifted back on lack of interest with NatWest 10 off at 590p and Lloyds 5 cheaper at 525p. Midland slipped to 323p prior to closing unchanged at 325p. Elsewhere, occasional selling clipped 6 from Royal Bank of Scotland at 274p and 7 from Bank of Scotland, at 463p. Discount Houses were firmer where changed, Cater Allen rising 8 to 533p and Seccombe Marshall 5 to 440p. Australian Banks made progress on currency considerations. National Bank of Australia rose 14 to 199p, ANZ 5 to 250p and Westpac 3 to 190p.

An otherwise slow day's trading in the Insurance sector was enlivened by a reasonable two-way business in Commercial Union following Press suggestions that General Accident may launch a bid; CU opened a couple of pence higher at 215p, but slipped to 212p before renewed support left the close a penny dearer on balance at 214p. GA gave up 10 to 585p, while other Composites to give ground on lack of interest included GRE, 7 off at 655p and Royal Insurance, 10 cheaper at 575p. Life issues showed Legal and General 8 down at 665p, but Pearl steady at £11¼ awaiting today's preliminary results.

Coal mining, oil and property group Burnett and Hallamshire halved in price to 35p prior to closing a net 19 down at 50p after Press comment on the current crisis concerning serious debt problems arising from loans made to finance property transactions in California.

Leading Building issues encountered scrappy selling and closed on a distinctly dull note. Blue Circle continued to reflect adverse views on its recent U.S. acquisition and shed 8 more to 477p. RMC gave up 6 to 368p, as did Redland, to 279p. Among secondary issues, J. Jarvis rose 30 to 310p in a restricted market following newsletter comment highlighting the company's asset backing. Increased half-year profits helped Jayplant gain 3 to 35p, but occasional selling in front of tomorrow's preliminary statement clipped 7 from Ruberoid to 193p.

ICI remained a quiet market and, after opening lower at 757p on Wall Street influences, fluctuated narrowly before picking up on currency considerations to close just 3 cheaper on balance at 763p.

Stores subdued

Debenhams hardened a couple of pence to 223p following weekend Press comment reiterating the strong possibility of a takeover approach from Harris Queensway, 2 off at 194p; both concerns are due to reveal preliminary results during the next few weeks. Other leading Stores were subdued and content to drift to slightly lower levels. Some noteworthy movements, however, emerged among secondary Stores, with dealers reporting persistent selective inquiry. A Press "buy" recommendation lifted shoe retailers Church 15 more to 620p, while similar comment helped E. Upton rise 8 to 38p; the "A" shares were a like amount to the good at 28p. Martin Ford, on the other hand, reacted to cautious mention and dipped 8 to 37p. Recent speculative favourite Bentalls attained a new high of 91p in the early business, but encountered profit-taking and closed 3 cheaper on balance at 85p.

Leading Electricals presented a rather drab appearance, but losses were usually confined to *a couple of pence. Falls* of that nature were recorded in both GEC, 178p, and Plessey, 194p. Weekend Press mention failed to stimulate Thorn EMI, which closed 3 cheaper at 395p. Oceonics, a poor market since the moves by the group's founders to put the company up *for sale, rallied* 5 to 115p. *Miles* 33 were favoured at 280p, up 10, but Briktat met selling and gave up 15 at 330p. BSR drifted off to close 5 down at 110p and Bowthorpe ended similarly lower at 423p.

Leading Engineers rarely strayed from Thursday's closing levels. Hawker, scheduled to report preliminary figures on Friday, closed a few pence easier at 407p, but Vickers managed a gain of 3 at 259p. Ash and Lacy rallied 5 to 385p after the previous week's setback on lower annual earnings, but Bullough met with fresh selling and fell 19 to 246p. Profit-taking clipped 10 from Ransomes Sims, at 555p. Greenbank held at 35p following the preliminary figures, but Williams Holdings remained on offer and gave up 10 more at 270p. S. W. Farmer, awaiting today's annual results, eased a couple of pence to 68p.

Friedland Doggart up

Miscellaneous industrial leaders were inclined easier for choice, BTR drifting off 5 to 673p and Beecham a similar amount to 360p. Elsewhere, Friedland Doggart featured a rise of 12 to 198p following the chairman's annual statement and the company's decision to purchase a further 5 per cent of its own shares. Revised speculative demand lifted Prestwich 17 to 130p and Times Veneer 2 further to 56p, after 58p, while Johnston Group, which announced preliminary figures *last week, encountered fresh support* and put on 10 to 202p. Press mention prompted occasional interest in Consultants, up 4 more at 84p, while Myson responded to a newsletter recommendation with a rise of 2 to 75p. Inter-City were again wanted and improved 3 more to 48p, but Low and Bonar were depressed by a further bout of profit-taking and fell 20 to 368p. Other dull spots included Pentland, down 10 at 510p, and Cornell 5 lower at 240p. Johnson Matthey, in contrast, hardened a couple of pence to 70p on hopes that the company will benefit from the EEC moves towards *stricter controls on car exhausts*.

In the Leisure sector, Samuelson Group moved up ⅜ to £10¼ following a newsletter recommendation.

Motor and aircraft component manufacturers displayed modest falls. Lucas Industries gave up 5 to 288p, while Dowty shed 3 to 205p, as did AE, at 145p. Solex dipped 4 to 94p in belated reaction to the preliminary figures.

Associated Newspapers gained a few pence more to 830p, but other Publishers generally lost ground. Fleet Holdings eased 6 to 276p, while among the regionals falls of around 5 were common to Trinity, 248p, Portsmouth and Sunderland, 133p, and Bristol Evening Post, 452p. Recent speculative counter East Midland Allied Press A reacted to occasional offerings and dipped 6 to 116p. Advertising agencies also trended lower with Addison Page 10 lower at 240p. Geers Gross gave up 6 to 136p, while Valin Pollen, a buoyant market last week following the acquisition of Thomas and Kleyn, eased 10 to 500p. London and Continental Advertising, however, rose 7 to 153p, after 155p, following sharply higher full-year profits and better-than-forecast dividend. Hunterprint closed 8 to the good at 258p, after a new peak of 260p, after a newsletter "buy" recommendation.

Profit-taking clipped 5 from Ocean Transport at 184p. P & O, suggested suitors for Ocean and currently holding just over 8 per cent of the equity, also lacked support and shed 5 to 342p, after 340p. Common Brothers, in contrast, drew renewed strength from a recent newsletter recommendation and advanced 6 more to 84p.

Tricentrol easier

Turnover in leading Oils was confined to routine business, Shell and BP both ending the day a few pence easier at 718p and 538p respectively. Press comment left LASMO 7 off at at 330p, while reports that Enterprise Oil was not planning a full-scale bid for Tricentrol, following the acquisition last week of 4.7 per cent of Tricentrol's ordinary shares, unsettled the latter which slipped 7 to 243p; Enterprise were barely changed at 202p.

A Press suggestion of a forthcoming capital reconstruction helped *Cluff Oil* rise 3 to 63p, while exploration hopes lifted Southwest Resources a similar amount to 53p.

Petrolex improved to 81p on news of an oil discovery in Texas, fell back to 75p and moved back up to close a net 2 firmer at 80p following afternoon revelation that the company had received an approach which may result in a further offer being made. Clyde Petroleum yesterday extended its offer for Petrolex.

Quiet mines

Dealers expressed disappointment in the performance of both bullion and mining markets. Bullion traded around the $323 level throughout the day, well up on last Thursday's closing level but below prices ruling in the U.S. on Monday when the dollar came under pressure following news that a New Jersey dealer in U.S. Government securities had filed for bankruptcy. South African Golds also gained ground in the U.S. However, after an initial mark up in London, Golds drifted easier on general lack of interest, although the benefits of the early gains were not altogether eroded. At the close heavyweights were generally in the region of ¼ firmer on balance, as in Buffels, £35½, Kloof, £34, Southvaal, £39½ and Western Deep, £38½, while the sector leaders, Vaal Reefs and Randfontein, were finally around £2 to the good at £82 and £90 respectively.

The cheaper priced issues provided a handful of firm features, notably South African Land, 16 better at 248p and Marievale, a like amount firmer at 170p.

Financials made modest progress but also suffered from lack of interest. "Amgold" edged up ⅜ to £73 and Gold Fields of South Africa put on ½ to £14. De Beers hardened 3 to 426p. U.K.-domiciled issues moved in a narrow range. Favourable week-end Press comment helped RTZ add a few pence at 640p.

Good demand for the "down-under" gold issues in domestic markets overnight coupled with an easier showing by the Australian dollar gave a major boost to Australian mines. Golds proved especially popular with London investors, the leaders being highlighted by Gold Mines of Kalgoorlie, 25 up at 460p, Central Norseman, 10 firmer at 428p and Poseidon which rose a like amount to 223p. Among the second-line issues Sons of Gwalia were persistently bought and settled a further 4 up at a peak 90p, while Emperor jumped 17 to 202p, Metana 10 to 144p and Whim Creek 6 to 160p.

Elsewhere, Canada's Northgate Exploration continued their recent revival and rose 25 more to a 1984-85 high of 375p.

The lacklustre conditions prevailing in equity markets were reflected in Traded Options which attracted a disappointing 4,915 contracts—3,086 calls and 1,829 puts. Once again, operators directed their attentions to perennial bid favourite Commercial Union, which attracted 969 calls. Elsewhere, Jaguar and Racal recorded 213 and 283 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Apr. 9	Apr. 4	Apr. 3	Apr. 2	Apr. 1	Mar. 29	year ago
Government Secs.	80.89	†80.75	80.85	80.87	80.95	81.21	82.85
Fixed Interest	85.42	85.46	†85.43	85.46	86.49	85.53	86.55
Ordinary	955.9	962.5	966.5	969.4	965.8	964.3	878.6
Gold Mines	516.2	509.3	514.4	508.2	557.5	513.2	666.7
Ord. Div. Yield	4.76	4.73	4.74	4.68	4.70	4.71	4.35
Earnings, Yld.% (full)	11.93	11.85	11.89	11.76	11.71	11.75	10.00
P/E Ratio (net) (*)	10.21	10.28	10.25	10.39	10.41	10.45	12.09
Total bargains (Est.)	26,597	23,761	25,905	23,412	29,777	25,613	26,299
Equity turnover £m.	—	306.67	390.51	482.65	690.67	636.41	287.23
Equity bargains	—	28,657	27,660	26,666	26,461	22,667	20,814
Shares traded (mi)	—	165.7	161.6	194.7	158.4	167.6	170.3

10 am 960.3. 11 am 958.1. Noon 956.6. 1 pm 956.3.
2 pm 956.3. 3 pm 956.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.91.

† Corrected.

HIGHS AND LOWS / **S.E. ACTIVITY INDICES**

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Apr. 9	Apr. 3
Govt. Secs.	83.77 (9/1/84)	74.76 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	134.6	144.8
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	185.7	179.2
					Value	623.9	799.6
Ordinary	1024.5 (22/1/85)	755.3 (21/7/84)	1024.3 (22/1/85)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	145.0	156.3
Gold Mines	711.7 (5/3/84)	436.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	170.2	163.6
					Value	704.2	763.8

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (41)

BRITISH FUNDS (3)
Treasy. 3pc 1985 — Exch. 2½pc 1987
Exch. 2½pc 1986

BREWERS (1)
Devenish (J. A.)

STORES (6)
Bentalls — Grattan
Home Charm — Mentmore (J.)
Do. 7pcLn '97-2004 — Time Prods.

ELECTRICALS (4)
Druck — Scholes (G. H.)
Miles 33 — Thermal Scientific

ENGINEERING (3)
Camford Engng. — United Spring
Planet

HOTELS (1)
Mount Charlotte

INDUSTRIALS (6)
Friedland Doggart — Ropner
Grampian Hldgs. — Do. A
Inter-City Inv. — The Times Veneer
Myson — Wade Potteries

MOTORS (1)
Caffyns

NEWSPAPERS (1)
Octopus Publishing

PAPER (5)
Fitch and Co. — Waddington (J.)
Hunterprint — Wight Collins, R. S.
JWT

PROPERTY (2)
Gable House — Towngrade Securities

TEXTILES (1)
Foster (John)

TRUSTS (1)
Throgmorton Trust

OILS (2)
Aberdeen Am. Pet. — Century Oils

MINES (2)
Sons of Gwalia — Northgate Explrn.

NEW LOWS (26)

AMERICANS (1)
Microcomputer Mems

CANADIANS (1)
Hudson's Bay

BUILDINGS (2)
Burnett & Hallamshire — Warrington (Thos.)

STORES (2)
Ladies Pride — Ramar Textiles

ELECTRICALS (8)
A. & G. Sec. Elecs. — Forward Technology
BSR International — Lec Refrigeration
Crystalate — Plasmec
DJ Security Alarms — Security Centres

ENGINEERING (1)
Farmer (S. W.)

INDUSTRIALS (5)
Amer Group — Kalamazoo
Clarke (Clement) — Whitecroft
Fergebrook

NEWSPAPERS (1)
Portsmouth & Sunderland

PAPER (1)
Addison Page

TRUSTS (3)
Leda Inv. Inc. — Utd. Comp. & Tech.
Brint Investts.

OILS (1)
Carless Capel

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Alliance Trust	635	−2
Barclays	333	−12
Boustead	84	+6
Commercial Union	214	+1
Cnslints Comp. & F.	64	+4
Euro Ferries	134	−3
Falcon Resources	449	−13
Henson Trust	202	−2
Indl Fin & Inv Corp.	213	+5
Minet	296	−2
Petrolex	80	+2
Racal Elects	194	−4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	83	2	22
Corpns Dom & Foreign Bonds	3	10	61
Industrials	178	429	838
Financial & Props	52	185	308
Oils	15	32	76
Plantations	6	6	9
Mines	81	19	79
Others	51	68	100
Totals	465	750	1,493

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues April 9 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs April 4 Index No.	Wed April 3 Index No.	Tues April 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	535.82	−0.8	10.60	4.13	11.98	3.33	540.36	538.18	544.41	516.60
2	Building Materials (24)	487.58	−1.0	13.02	5.13	9.51	0.94	492.33	494.96	501.89	495.91
3	Contracting, Construction (29)	699.29	−0.5	13.29	5.78	9.75	2.49	702.83	701.33	708.36	769.50
4	Electricals (15)	1543.46	−0.6	9.90	4.72	12.89	2.39	1553.88	1548.55	1552.95	1767.12
5	Electronics (36)	1622.58	−1.2	9.26	3.14	13.97	12.67	1642.11	1627.59	1654.71	1772.56
6	Mechanical Engineering (62)	301.04	−0.6	11.99	4.58	10.61	1.18	303.00	301.68	305.33	241.99
8	Metals and Metal Forming (8)	191.48	−1.2	11.81	7.66	10.47	0.17	193.82	194.25	194.96	209.74
9	Motors (17)	163.12	−0.4	13.66	5.14	9.03	2.37	163.78	162.21	163.43	139.08
10	Other Industrial Materials (16)	927.23	−0.5	7.71	3.35	15.67	8.04	931.91	929.52	933.57	683.46
21	CONSUMER GROUP (179)	629.82	−0.5	9.69	3.91	12.48	2.74	632.74	630.93	633.20	507.85
22	Brewers and Distillers (23)	563.22	−0.9	12.01	4.77	10.32	3.43	568.18	561.59	559.87	505.32
25	Food Manufacturing (20)	489.76	−0.4	11.94	4.91	10.42	3.50	491.92	495.33	498.73	397.24
26	Food Retailing (13)	1526.77	+0.1	6.27	2.40	21.26	4.63	1524.96	1527.07	1520.62	1173.43
27	Health and Household Products (9)	982.96	−0.5	6.08	2.76	19.22	0.22	987.43	988.52	979.90	800.28
29	Leisure (22)	652.35	−0.7	9.08	5.02	14.39	9.42	657.12	654.57	665.03	685.20
32	Newspapers, Publishing (12)	1731.20	−0.5	6.75	4.37	19.17	7.16	1739.64	1742.41	1759.81	1289.10
33	Packaging and Paper (14)	308.51	−0.8	11.38	4.24	10.19	0.37	311.05	312.23	313.52	241.39
34	Stores (44)	589.19	−0.3	7.13	3.31	17.15	1.30	590.68	585.75	586.79	462.29
35	Textiles (19)	317.91	−0.9	16.38	4.76	7.09	0.41	320.78	320.46	324.33	277.06
36	Tobaccos (3)	883.70	−0.6	16.47	4.85	6.77	3.43	888.79	884.00	876.94	534.99
41	OTHER GROUPS (97)	673.97	−0.3	8.99	4.02	14.03	4.04	676.34	675.36	680.63	445.39
42	Chemicals (17)	749.51	−0.4	13.82	4.88	8.98	13.48	752.46	750.35	758.93	604.01
44	Office Equipment (4)	178.34	+0.2	7.41	4.68	16.71	2.92	177.95	176.81	179.06	140.48
45	Shipping and Transport (11)	1143.42	−0.6	7.17	4.34	18.58	13.74	1150.56	1158.20	1157.45	905.56
46	Miscellaneous (63)	825.35	−0.6	7.35	3.57	16.52	1.85	829.94	829.19	836.91	595.83
48	Telephone Networks (2)	834.20	−0.2	8.02	3.86	16.26	0.70	835.81	835.01	839.81	0.0
49	INDUSTRIAL GROUP (483)	625.03	−0.5	9.73	3.99	12.70	3.29	628.35	626.58	630.85	506.34
51	Oils (17)	1172.38	−0.6	15.83	7.09	7.77	35.58	1179.43	1183.81	1192.58	1045.33
59	500 SHARE INDEX (500)	670.76	−0.5	10.57	4.42	11.64	5.86	674.38	673.10	677.74	551.44
61	FINANCIAL GROUP (115)	449.08	−0.9	—	5.51	—	4.52	453.26	456.40	461.77	306.95
62	Banks (6)	424.07	−2.0	17.98	8.08	7.69	10.72	432.66	441.40	447.72	420.48
65	Insurance (Life) (8)	676.14	−0.6	—	4.62	—	0.55	680.28	680.37	688.38	461.76
66	Insurance (Composite) (7)	334.48	−1.3	—	5.83	—	4.13	338.80	338.69	347.09	268.67
67	Insurance (Brokers) (7)	1145.72	−0.2	7.52	3.47	17.74	9.60	1147.47	1157.58	1174.21	653.42
68	Merchant Banks (11)	230.06	−0.1	—	4.15	—	1.18	230.39	229.78	230.66	241.44
69	Property (50)	624.91	−0.4	5.67	3.66	23.30	1.17	627.12	629.75	634.32	574.32
70	Other Financial (26)	285.84	−0.2	8.15	5.66	14.78	1.98	286.29	287.58	286.83	280.20
71	Investment Trusts (106)	591.12	−0.6	—	3.36	—	4.08	594.48	595.51	600.58	501.60
81	Mining Finance (4)	297.44	+0.4	9.65	5.11	13.20	1.50	296.29	296.62	296.92	322.80
91	Overseas Traders (14)	653.87	−0.2	9.15	6.39	13.53	7.06	654.91	654.21	656.86	570.94
99	ALL-SHARE INDEX (739)	612.14	−0.6	—	4.56	—	5.38	615.70	615.50	620.15	510.98

	Index No.	Day's Change	Day's High	Day's Low	April 4	April 3	April 2	April 1	March 29	Year ago
FT-SE 100 SHARE INDEX	1270.2	−8.3	1276.3	1268.8	1278.5	1274.8	1286.8	1278.3	1277.8	1093.60

FIXED INTEREST

	PRICE INDICES	Tues April 9	Day's change %	Thurs April 4	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.51	+0.08	116.42	—	3.17
2	5-15 years	127.90	+0.29	127.82	0.30	3.74
3	Over 15 years	135.86	+0.29	135.47	—	2.83
4	Irredeemables	148.37	+0.21	148.05	—	1.62
5	All stocks	126.89	+0.21	126.75	0.14	3.30
6	Debentures & Loans	109.15	−0.05	109.20	—	2.39
7	Preference	77.24	+0.07	77.19	—	2.15
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.19	+0.34	109.82	—	0.78

	AVERAGE GROSS REDEMPTION YIELDS		Tues April 9	Thurs April 4	Year ago (approx.)
	British Government				
1	Low	5 years	10.34	10.37	9.81
2	Coupons	15 years	10.71	10.74	10.03
3		25 years	10.24	10.27	9.67
4	Medium	5 years	11.72	11.75	10.49
5	Coupons	15 years	11.01	11.06	10.48
6		25 years	10.44	10.48	9.93
7	High	5 years	11.81	11.84	10.65
8	Coupons	15 years	11.17	11.21	10.61
9		25 years	10.56	10.59	10.02
10	Irredeemables†		10.06	10.08	9.57
11	Debs &	5 years	12.09	12.06	11.31
12	Loans	15 years	11.79	11.79	11.39
13		25 years	11.60	11.60	11.41
14	Preference†		12.69	12.70	11.92
15	Inflation rate	5%	3.38	3.40	3.42
16		10%	3.21	3.23	3.25

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	62	53A	—	—	—	—	$323.60
GOLD C	$325	—	—	—	—	63	39	"

TOTAL VOLUME IN CONTRACTS: 36,854

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
‡133	F.P.	—	172	165	✠Assoc. Steel Dist. £1	170	−2	u8.0	2.1	6.7	11.7
‡82	F.P.	19.4	79	72	✠BTS 10p	73	−1	bg3.4	3.0	6.6	9.5
¶125	F.P.	3.5	223	173	✠Bedford William 5p	173	−2	h3.5	2.6	2.9	13.1
¶112	30 F.P.	—	115	100	Blagden Inds.	112	−2	7.3	1.8	9.2	7.6
‡60	F.P.	3.4	88	70	✠Crown Int'l Prod 10p	70	−3	bg2.1	1.6	4.3	17.9
—	F.P.	—	127	118	Cullen's Hldgs 10p	125	—	—	—	—	—
—	F.P.	—	42	37	German Small. Wrrts.	40	−1	—	—	—	—
¶145	F.P.	14.3	180	133	Hillsdown Hldgs. 10p	135		bg5.5	2.7	5.2	15.1
‡82	F.P.	3.3	86	80	✠Laidlaw Thomson	80		g3.5	2.0	6.2	11.2
¶145	F.P.	26.4	172	150	Mann 20p	172		bg3.5	2.8	2.9	17.5
100	F.P.	12.4	130	117	✠Mayhew Foods 10p	118		bg1.9	2.9	2.3	17.3
173	F.P.	—	210	108	New London Oil 5p	198	−2	—	—	—	—
100	75	1.5	78	70	Pacific Assets Tst 50p	76½	−1	—	—	—	—
—	F.P.	—	44	30	Do. Ser. 1 Warrants	41	−1	—	—	—	—
‡‡	F.P.	—	00	20	P.&O. Warrants	20	−5	—	—	—	—
100	F.P.	15.4	107	91	✠Pepe 10p	92		u3.0	2.5	4.7	12.2
17.25	F.P.	26.4	730	690	Plantation Tst Units	705		—	—	—	—
—	F.P.	26.4	95	90	REA Warrants	90		—	—	—	—
—	F.P.	—	69	37	✠Sangers	62		—	—	—	—
100	F.P.	—	92	90	Sherrack 10p	92	+1	1.5	2.5	2.3	14.2
‡128	F.P.	11.4	163	142	✠Sims Catering 5p	147		bg3.5	2.1	3.3	17.0
¶175	F.P.	—	170	175	Sintrom 10p	175		ug1.94	3.3	1.5	21.9

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
91.074	F.P.	10.4	97¼	88	African Dev. Bank 11½% Ln. 2010	96¼	
100	F.P.	2.5	103½	101½	Bournemouth Wtr. 12½% Red. Deb. '95	103½	
‡101	£51	15.2	54	50	Felixstowe Dock Prf. Units	53	
85.81	£30	10.5	31	24	Int. Am. Dev. Bk. 9¼% Ln. 2015	30½	+½
100	F.P.	2.5	103½	101½	Mid Kent Wtr. 12½% Red. Deb. 1995	101½	
100	F.P.	2.5	102½	100½	Do. 12½% Red. Deb. 2005	102½	
¶100	£10	23.5	12½	12	Mid Southern Wtr. 9% Red. Prf. 1990	12½	
97½	F.P.	26.4	100½	98½	Mid Sussex Wtr. 12% Deb 2010	100½	
—	F.P.	—	100	99½	Nationwide Bldg. Soc. 12% 31.3.86	100	
‡‡	F.P.	—	120	108	P. & O. 5.3% Conv. Red. Prf.	110	
—	F.P.	26.4	97	93	REA Hldgs. 9% Cum. Pref.	95	
‡‡	F.P.	26.4	111	105	Shaalbank Prop. 6% Cum. Conv. Prf.	106	
48.895	£30	12.7	35½	30	Spain Kingdom of 11½% Ln 2010	35½	+½
91.076	F.P.	27.3	96½	88½	Swedan 11% Ln. 2012	95½	
	F.P.	12.4	101½	100	Wigfall (H.) 8% Cv. Cnv. Prf Rd	120	−1

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −
82	Nil	—	17pm	14pm	Aaronson Bros. 10p	17pm	+2
8	F.P.	29.4	38	18	✠Acorn Computer 1p	25	
150	Nil	—	222pm	182pm	Barclays £1	182pm	−10
172	Nil	—	17pm	13pm	Despak 10p	16½pm	
265	F.P.	—	275	225	Dibby (J.) 50p	225	−5
63	Nil	17/5	223pm	183pm	Bullough 20p	185pm	−9
A$2	A$1	—	104	96	✠CSR A$1	103	−1
32	Nil	16.5	10pm	6½pm	FKI Electricals 10p	6½pm	
243	F.P.	31.5	323	300	Fisons	300	
238	Nil	10.5	35pm	17pm	Glass Glover 5p	17pm	−1
70	F.P.	—	76	67	Jackson Expln. 1p	67	−1
13½	F.P.	26.4	14½	12	Lyle Shipping Prefd. 5p	12	−½
66	Nil	—	4pm	5pm	Mitchell Cotts	5½pm	
186	Nil	—	18½pm	10pm	Morgan Crucible	10pm	−4
A$0.8	Nil	—	3pm	2½pm	✠Oil Search	2½pm	
650	F.P.	26.4	383	360	R.E.A. Hldgs.	360	
7	Nil	—	8pm	7pm	Ryan Intl. 5p	8pm	+½
33½	F.P.	12.4	63	56½	✠Sangers	60	
180	F.P.	31.5	204	193½	STC	194	−4
315	F.P.	19.4	356	331	Trafalgar House 20p	333	
158	F.P.	14.6	178	168	United Biscuits	170	
240	Nil	13.3	28pm	6pm	Watmoughs	8pm	
13	Nil	—	4pm	5pm	Worthington (A. J.)	3pm	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ⊕ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19

For rate indications see end of *Share Information Service*

Call options were reported in Highland Electronics, Marks and Spencer, Pentos, Commercial Union, Southwest Resources, United Guarantee, Samson, Sangers, Tricentrol, Hogg Robinson, Atlantic Resources, Riley Leisure, Brunswick, New London Oil, Osceola, Thorn EMI, Consultants (Computer and Financial), Charterhall and American Aberdeen Oil. A put was taken out in Albert Fisher, but no doubles were transacted.

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Thurs. close	Day's change
Cookson	24	693	+53
Barclays†	21	192pm	−18
Falcon Res	21	464	+29
Grand Met	20	295	+10
Brit Aerospace	17	428	+18
ICI	17	766	+3
Tricentrol	15	250	+15
Thorn EMI	14	398	−8
Allied Irish	13	92	−6
Cable & Wire	13	535	+10
GUS A	13	785	+5
BTR	12	678	−2
BP	12	542	−3
Sun Alliance	12	455	−3

† Nil-paid.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*538)	460	82	98	108	1	5	9
	500	45	65	73	3	7	18
	550	11	25	43	23	28	37
	600	8	12	23	68	70	78

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*182)	160	27	32	—	3	4	—
	180	13	10	24	7	12	16
	200	6	13	17	21	28	34
	220	2½	7	11	41	45	47
LASMO	300	40	60	—	6	10	—

Apr. 9. Total contracts 4,915. Calls 3,086. Puts 1,829.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
98⅞	93	Treas 3pc 1985	98⅞	+	3.03	13.63
102⅝	99	Treas 11½pc 1985	99	....	11.55	13.85
99¼	96	Treas 8¼pc Cnv '85	98¾	...	8.89	12.81
104	99	Exch. 12¼pc 1985	99	–	12.27	12.47
103	99	Exch. 11¾pc '86	99⅞	....	11.76	11.83
102	96	Treas 10pcCnv 1986	98¾xd	....	10.17	11.77
94	88¾	Treas 3pc 1986	93¾	+	3.20	9.06
102	96¼	Exch. 10½pc Cv '86	98⅝	....	10.65	11.85
104	99	Treas 12pc 1986	100	....	12.00	11.94
98¼	93½	Treas 8¾pc 1984-86‡‡	96	–	8.83	11.74
108	102	Exch. 14pc 1986	102 xd	....	13.60	11.89
89	85	Exch. 2½pc 1986	89	+	2.78	9.33
107	100	Exch. 13¼pc 1987	102¼	.	12.96	11.76
100⅞	94½	Treas 10¼pcCv '87	97½	+	10.51	11.78
88	83¼	Exch 2½pc 1987	88	+¼	2.83	9.47
101	94½	Exch 10½pc 1987	98	+	10.71	11.65
92¼	87	Funding 6½pc '85-87‡‡	91¼xd	.	7.11	11.33
99⅞	92⅞	Treas. 10pc 1987	96	+	10.36	11.80
86¾	81	Treas 3pc 1987	86	+	3.47	9.91
105	97¼	Treas. 12pc 1987	100 xd	+	11.93	11.68
94⅞	87	Treas 7¾pc 1985-88‡‡	92	+	8.41	11.05
100¼	92	Exch 10½pc '88	97	+	10.79	11.58

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
77	37	Marshall's Universal	67		2.0	ϕ	4.4	ϕ
89	77	Do 7½pcCnRedPf £1	81		7½%	—	13.2	—
30	70	Martin-Black	22ø		—	—	—	—
£100	£81	Mathesons 7¼%	£85		07¼%	2.5	9.3	—
435	287	Metal Box £1	383	−4	†15.0	3.2	5.6	6.2
220	129	Metal Closures	152		6.7	ϕ	6.5	ϕ
27	9	Metal Sciences 2½p	11		—	—	—	—
133	73	Midland Marts	82	−3	4.0	1.8	7.0	10.4
83½	44	Mitchell Cotts	68½	−1	4.0	1.5	8.3	9.8
*220	127	Morgan Crucible	201	−3	8.0	ϕ	5.8	17.0
*36	22	Morris (W) F.A. 20p	38		g0.5	ϕ	2.4	ϕ
110	00	Moss (Robt.) 10p	96		ϕ12.5	2.5	3.7	15.9
75	54	Myson Grp 10p	75	+2	1.25	ϕ	2.4	ϕ
330	197	NMW Computers	310		6.0	3.0	2.8	17.3
65	34	Nash Inds.	34		2.5	1.5	10.5	7.8
48	30	Neil & Spencer 10p	32		ϕ—	—	—	9.6
34	13	Newman Industries	34		—	—	—	ϕ
35	16½	Do 10pc Cn.Cm.Pf	30½	−½	10%	—	4.1	—
67	39	Nolton	55		g1.1	4.5	2.9	9.2
183	132	Norcros	149	−1	8.6	2.4	8.2	7.9
86	53	Nu-Swift 5p	55		†2.4	3.2	6.2	7.2
100	50	Oakwood Grp	90		d4.5	1.4	7.1	(13.2)
190	135	Office & Elect	165		7.5	4.2	6.5	7.6
108	85	Oldacre 20p	85		u4.0	2.6	6.7	7.5
925	625	Oriflame Intl SA	875		46.8	ϕ	7.6	ϕ
218	190	Osborne & Little 5p	210	−3	bg2.0	3.2	1.4	33.3
46	15	Owenstone 12½c	17		‡04.5c	2.2	†	3.9
£175	£120	Ozalid 9pc Cnv 87-92	£172		09%	—	5.3	—
190	105	PCT Grp 10p	180		g4.8	2.9	3.7	11.0
£14	975	PLM 'B' Sk 25	£11½		Q21.6%	ϕ	4.6	ϕ
193	149	PSM Intl	176		bg5.25	2.6	4.3	12.9
62	40	Pacific Sales 10p	55		b2.4	2.2	6.2	(8.3)
207	148	Parker Knoll 'A'	181		9.0	2.8	7.1	7.1
375	197	Pauls	362		ϕF13.0	2.5	5.1	15.9
718	403	Pearson	708	+3	17.0	2.9	3.5	12.1
35	18	Peek Holdings	25		—	—	—	ϕ

[illegible]

LEISURE—Continued

1984-85 High	Low	Stock
162	98	Mngmt. Ag [illegible]
184	118	Media Tech [illegible]
200	76	Midsummer [illegible]
280	138	Miss World [illegible]
26	15	Nationwide [illegible]
46	9	Norstar [illegible]
31½	14¾	Owners Abroad [illegible]
66	33	Photax (Lon.) [illegible]
29½	20	P'dilly Radio [illegible]
130	55	Pineapple D[illegible]
458	285	Pleasurama [illegible]
96	75	Pres. Enter[illegible]
158	28	Radio City [illegible]
70	43	Radio Clyde [illegible]
148	30	Riley Leisure [illegible]
193	94	Saga Hols. 2[illegible]
£10½	111	Samuelson [illegible]
39	18	Sangers Ph[illegible]
202	138	Scanro 50[illegible]
190	98	Scott. TV 'A' [illegible]
508	186	SeaCo Inc [illegible]
35	9	Selec TV 1[illegible]
145	75	Spectrum [illegible]
37	23	TSW 5p [illegible]
157	79	TVS N/Vtg [illegible]
235	102½	Televisions [illegible]
90	60	Tottenham [illegible]
260	120	Trid'nt TV [illegible]
173	100	21st Cent[illegible]
197	135	Tyne Tees [illegible]
101	53½	Ulster TV [illegible]
28	17	Webb (Jos.) [illegible]
26½	20½	Williams [illegible]
110	88	Zetters 5p [illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	102		Arnott	175	
Craig & Rose £1	£10		CPI Hldgs	58	
Finlay Pkg. 5p	61	−1	Carrol Inds.	110	
Higsons Brew	122	+4	Dublin Gas	32	
Holt (Jos) 25p	780	−10	Hall (R. & H.)	47½	
IoM Stm. £1	107	−7	Helton Hldgs.	16½	
IRISH			Irish Ropes	41	
Exch. 12% 1985	£99¼		Jacob (W. & R.)	65	−1
Nat. 9¾% 84/89	£86¾		TMG	115	
Fin. 13% 97/02	£95¼		Unidare	84	

OPTIONS—3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	13	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min	4
Brit. Telecom	15	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	9	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

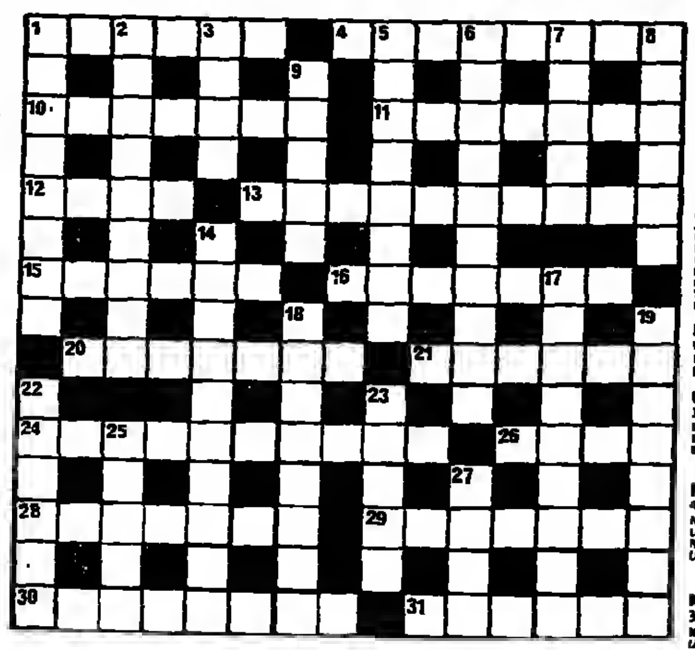
Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-588 2777 Dealing 01-638 0478/0479

FS Investment Managers Ltd.
190 West George St., Glasgow. 041-332 6462
FS Balanced Gwth Fd ... 214.0 227.7xd −2.3 —

Fidelity International Management Ltd.
River Walk, Tonbridge, TN9 1DY. 0732 361144

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,689



ACROSS

1 Standards of perfection for refined ladies (6)
4 Sauce you don't expect of people in nudist camps! (8)
10 Here they make most cars U.S.! (7)
11 Not conscious of the girl on pottery (7)
12 Fat boy Roger's first in (4)
13 Talks about jobs? (10)
15 Almost one second before time (6)
16 Show you disapprove when sitting in a broken seat, as a rule (7)
20 The monks are to live in (7)
21 In order to cure broken spring (6)
24 A French listener in chaotic babel that's intolerable (10)
26 A little drop of sadness? (4)
28 Frisky kitten dropping right in the trifle! (7)
29 Misunderstood doctor when first in and in good condition (7)
30 Cross People? (8)
31 Concealed in a layer, did get crumpled (6)

DOWN

1 In fast time admitting the party is idle! (8)
2 Be hospitable and join Brown about one (9)
3 Animal man the Spanish abandoned (4)
5 Tote rule about a game of chance (8)
6 Sort of diet one's dying to be on? (10)
7 Silly, that is, about Ann getting upset (5)
8 Agrees to change the lubricant (6)
9 Stall on the way, also (5)
14 Does one get an itch to buy here? (4, 6)
17 The folder is folded three times as much (9)
18 The boy stood up Daisy after a sudden misfortune (8)
19 Carries the family headgear (8)
22 Something women used to wear for energetic activity (6)
23 Suddenly drop round (5)
25 Cheese containing nitrogen which is used for pickling (5)
27 When it's back you can drink it (4)

Solution to Puzzle No. 5,688

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Ser 4	27.4	28.9		
Managed	20.1	21.6	+0.1	—
Equity	16.8	17.7	+0.2	—
Blue Chip	22.5	21.7	-0.1	—
Special Sits	24.6	25.9	+0.2	—
International	28.0	29.5	+0.1	—
American	21.6	27.8	+0.1	—
Pacific	21.2	22.4	-0.2	—
Property	17.1	18.1	+0.1	—
Fixed Yield	19.8	20.9	+0.1	—
Index Linked Secs	11.2	11.8		—
Int Currency	13.6	14.4	+0.2	—
Deposit	16.1	17.0		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.83	15.571		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

Multi Gwth April 4		£318.819		—
Multi Gwth "A" Apr 6	285.0	300.0		—
Op 8 Prop April 4	264.9	278.9		—
Op 8 Equity April 9	392.5	413.2	-0.1	—
Op Hy April 4	268.3	282.5		—
Op E Man April 4	355.3	374.0		—
Op 8 Dep Apr 9	204.1	214.9	+0.1	10.43
Op E Bond April 4	180.9	190.5		—
Op 0 Inc Dist April 4	148.1	155.9		8.29
Op 0 Int Man April 4	204.3	215.1		—
Op 8 US$ April 4	141.0	155.6		—
Pens B Pr Ac Mar 31	353.6	372.3		—
Pens 8 Eq Ac Mar 31	1,119.3	1,178.3		—
Pens 0 FI Ac Mar 31	403.3	424.6		—
Pens E Mid Act Mar 31	636.9	670.5		—
Pens 8 Dp Acc Mar 31	329.7	347.1		—
PensBGart Cathe Mar 31	111.5	117.4		—
Pens 0 Gart NA Mar 31	97.9	103.1		—
PensBGartP Mar 31	120.0	126.4		—

For Pensions Capital Units please ring ext 2996 or 2361.

Britannia Funds—Series A

Am Smlr Co's	132.6	139.6		—
Acr Spec Sits	154.9	163.1	+0.5	—
Commodity	82.9	87.3	+0.2	—

National Provident Institution
48 Gracechurch St, EC3P 3HH 01-623 4200

Managed	202.0	212.7	-0.3	—
UK Equity	234.0	261.2	-0.9	—
Overseas Eq	195.8	206.2	-0.3	—
American	199.5	210.1	-0.3	—
Far East	171.2	180.3	-0.8	—
Property	113.9	119.9	+0.1	—
Fixed Int	163.1	111.7	+0.2	—
Indexing Gilt	106.9	112.6	+0.4	—
Deposit	115.9	122.0	+0.2	—

Pension Fund Prices

Man. Initial	203.8	214.6	-0.5	—
Man Acc	228.1	240.8	-0.4	—
UK Eq Initial	222.9	234.7	-1.2	—
UK Eq	246.6	259.6	-1.2	—
Overseas Eq. Initial	210.9	230.5	-0.5	—
Overseas Eq	253.0	267.2	-0.5	—
American Initial	220.8	234.6	-0.7	—
American	247.6	260.7	-0.7	—
Far East Initial	213.5	224.8	-1.5	—
Far East	231.9	250.5	-1.6	—
Prop Initial	109.4	115.2		—
Prop	121.6	128.0	+0.1	—
Fixed Int. Initial	147.3	155.1	-0.1	—
Fixed Int	163.1	171.7	+0.2	—
Indexed Gilt Initial	100.0	105.3	-0.3	—
Indexed Gilt	111.2	117.1	+0.5	—
Deposit Initial	114.9	121.0	+0.2	—
Deposit	128.2	135.0	+0.3	—

NPI Pensions Management Ltd.

Managed Fund	560.4	574.8		—

Prices March 1. Next dealing April 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 348555

Kiwi Key (Managed)	378.4	390.1	+3.2	—
UK Equity	174.1	183.2		—
American	257.4	271.0	-2.5	—
Pacific	376.5	396.3	+2.8	—
Property	154.5	162.6		—
Gilt	177.5	186.8	+0.1	—
High Inc. Equity	161.0	170.3	-0.2	—
High Inc. Fxd. Int	103.F	109.2		—
Deposit	151.F	159.7	+0.1	—
Index-Linked Gilt	104.7	110.2	-0.3	—

World Wide Growth Management
10A, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.87		+0.02	—

Inv. Adv. M. & G. Inv. Mngt. Ltd. London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM 0624 25015

Wren Com Fund	12.0	13.4		0.00
Chinese Fund	59.2	60.6		0.00
Precious Metal Fund	67.3	70.1		0.00
Vanguard Emde. Fd.	19.3	19.8		0.00
Financial Futures Fd	32.1	33.5		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		$8.46	-0.15	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.14	9.85	14.46	4 mth
7 day Fnd	14.34	10.04	15.F0	6 mth
Oppenheimer Money Management Ltd 66 Cannon St EC4N 6AE. 01 236 1425				
Call Fnd	13.30	9.94	14.70	6-Mth
7 day Fund	13.23	9.89	14.13	6 Mth
Dollar	7.56	—	—	6-Mth
Money Mngt Accs.	13.00	9.72	14.37	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.60	10.09	14.70	Qtr
Mth Int Chq	13.25	9.90	14.09	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc.	12.80	9.56	14.20	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	13.00	9.50	14.20	Qtr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-558 2777				
Cater Allen	13.00	9.73	9.73	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01 248 3999				
Sterling	11.50	10.09		Mth
U.S. Dollar	8.10	5.96	8.30	Mth
German Marks	3.0	3.74	8.12	Mth
Swiss Francs	3.00	1.57	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 460				
Under £1,000	11.0	8.23	12.11	Qtr
Over £1,000	13.00	9.73	14.42	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	11.50	10.09	12.23	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.80	9.56	14.20	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	13.125	9.81	14.01	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
Capital K.I.C.A.	13.00	9.72	14.05	Daily
Midland Bank plc PO Box 2, Sheffield 0742 20999 Ext 8738				
High Int Chq	13.04	9.75	14.47	Qtr
Provincial Trust (formerly Chesdartons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061 928 9011				
Cheque Acc	13.50	10.09	15.41	Mth
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int Bk Acc.	12.40	9.27	14.10	Daily
Premier Acc.	12.40	9.27	14.10	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	12.96	9.69	14.57	Qtr
Money Acc	13.37	10.00	15.06	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	12.89	9.60	14.67	Mth
Over £10,000	13.10	9.79	14.93	Mth

Notes. CAR - compounded annual rate. Int Cr - frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. f Distribution free of UK taxes. g Periodic premium insurance plans. h Single premium insurance. k Offered price includes all expenses except agent's commission. l Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◎ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Copper prices up on fears of supply squeeze

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES advanced strongly on the London Metal Exchange yesterday after a rise in New York over the holiday.

The cash price of higher grade copper closed £37.5 up at £1,226.5 a tonne, while the three months quotation was £33.75 higher at £1,240.5. The narrowing of the gap between the cash and three months prices was seen as a significant influence in reflecting a possible scarcity of immediately available supplies developing in the next few months.

Although the decline in LME warehouse holdings of copper last week was less than expected by some traders, stocks have fallen by more than 220,000 tonnes in the past year alone and are now at the lowest level since September 1974.

A shortage of supplies has already forced the prices of standard grade cathodes into an unusual premium over higher grade copper. Some traders are predicting a further drop in stocks on both sides of the Atlantic in the absence of new supplies as producers are cutting, rather than increasing, output.

A U.S. producer, Inspiration, last night raised its domestic copper selling price by 5 cents to 71 cents a lb. The rise in U.S. copper prices recently reflects both the lower value of the dollar and the impact of production cuts in North America.

A threatened squeeze on nearby supplies, and the move by Asarco to raise its U.S. lead price by 1 cent to 20 cents a lb, helped boost the lead market yesterday. Cash lead jumped by £16 to £348.5 a tonne.

The big increase in zinc stocks had already been anticipated by the market, with the collapse of the cash price on Thursday.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending April 4)

		(tonnes)
Aluminium	−	2,875 to 113,300
Copper	−	2,350 to 87,150
Lead	−	450 to 48,850
Nickel	−	564 to 4,986
Tin	−	260 to 20,880
Zinc	+	3,350 to 36,275
		(ounces)
Silver		−512,000 to 53,386,000

Minister 'distorted' report on abattoir waste industry

BY MAURICE SAMUELSON

THE GOVERNMENT was yesterday accused of distorting the conclusions of a Monopolies and Mergers Commission report into the industry which processes abattoir waste and the pricing policies of Prosper de Mulder, (PDM), its leading member.

PDM complained about a written parliamentary answer by Mr Alex Fletcher, Minister for Corporate and Consumer Affairs at the Department of Trade and Industry.

In it, Mr Fletcher had quoted the commission as concluding that implementation of PDM's pricing policy for purchasing animal waste "was against the public interest."

According to PDM, however, this conflicted with the commission's principal conclusion that the monopoly which existed in its favour "does not operate and may not be expected to operate against the public interest."

The company added: "By not referring at all to this main conclusion, both the minister, Mr Alex Fletcher, and the Department of Trade and Industry have distorted the findings of the commission and so have seriously misled the public."

London commodity trading down again

By Our Commodities Staff

THE DEPRESSION in London Commodity futures trading continued last month with trading in soft (non-metal) commodities totalling 270,798 lots, down from 359,538 lost in March 1984, according to figures from the International Commodities Clearing House (ICCH).

Cocoa remained the most heavily traded of the softs but at 96,110 lots turnover was well down from the 123,729 lots traded in the same month last year. The gap was narrower in value terms, however, with £1,982m of cocoa being traded in March 1985 compared with £2,177m in March 1984.

Second in the soft commodities turnover league was robusta coffee with 72,288 lots in March, down from 102,758 lots a year earlier.

The only increase in the list was for gasoil with turnover up from 34,639 lots to 41,911 lots.

● JAKARTA'S commodity exchange will start on April 25, it has been announced. Only rubber will be traded in the first year and only on physical contracts. The exchange plans to add *tin, plywood, tobacco* and palm oil later.

● SOVIET imports of butter almost doubled to record levels in the six months to March to an estimated 103,000 tonnes from 52,300 in 1983/84, the weekly oilseeds newsletter Oil World reports. About 65,000 tonnes were shipped from France, about 28,000 tonnes from other EEC countries and most of the rest from Finland, Austria, Australia and Romania, it adds.

● BANGLADESH lost more than 1m 181-kilo bales of jute in floods last year and production in other jute exporting countries also dropped, pushing up prices, chairman of the up prices, Serajul Huq, chairman of the Bangladesh Jute Export Corporation, said. Prices had been fixed between $605 and $615 a tonne but reached between $800 and $900 in the last six months.

Export earnings from raw jute reached $121.53m in the first nine months of 1984-85 *(ending June 30)*, up *$6.73m* from last year.

All set for another bumper grain harvest in Britain

Farmers' Viewpoint: By John Cherrington

I *RETURNED* from New Zealand just before Easter to be met with tales that those at home had suffered the worst winter ever. It was true that temperatures touched a record low, and every tribute must be paid to those who looked after the stock and kept the water taps thawed out. But at the same time my staff had taken the chance between bad spells to plant spring crops and fertilise pastures in time to take advantage of higher temperatures when they arrive.

It was nothing like as bad as the winters of 1947 and 1963. Then we did not get back on the land until mid April, yet we reaped satisfactory harvests in spite of late drilling. *In* fact the optimists say the frosts will prove a blessing in disguise as disease will be much reduced by the heavy frosts.

True, there has been no pasture growth and the cost of feeding the lambed ewes with sufficient compound feed instead of grass is horrendous. But these setbacks are part and parcel of farming. One year is never the *same as* another and it is this uncertainty that makes nonsense of farm budgeting unless a large margin is left for nature's irrational *behaviour.*

Variation in yields—which every farmer should be aware of from the cradle—has now been officially recognised by the Home Grown Cereals Authority. It is forecasting a wheat and barley crop of between 24.6m and 29.5m tonnes, against this year's 26.48m tonnes. This forecast, based on the acreages sown, was in a confidential document secured by Big Farm Weekly.

So far as I can gather the hard weather has not harmed autumn sown cereals to any extent. *On my own farm* about three acres of wheat had to be ploughed up and resown follow*ing attacks* of rabbits *and other* pests and I have heard of isolated fields on other farms having to be dealt with the same way.

In general, though, the cereals look very well. Any loss of plant in the fields has been minimal *and milder* weather in the last week has allowed the take up of nitrogen applied earlier. The spring sown crops are breaking through, having been in cold storage under ground for several weeks. I would have been much more worried if they had come through earlier and were now suffering a bitter north-easterly wind as they often do in April.

I am told, however, that in early March there was cause for concern. The frost had killed most existing leaves and much of the farm looked as though it had been sprayed with defoliant. This, I understand, also happened in parts of France. I had a very pessimistic account from a French visitor the other day.

This frost damage can only be welcome to the EEC Commission, which is struggling to produce a package to limit grain overproduction. Few people believe the proposed 3.5 per cent price cut will restrict output at all. *Indeed* it could have the opposite effect as farmers seek to reduce their unit costs by increasing output.

Although a price cut is the Council of Ministers's favourite at the moment, except of course for Herr Ignaz Kiechle, the West German Farm Minister, this is probably because it is less likely to upset farmers than quotas on sales or acreage limitations. All the farm ministers have received a lot of stick over milk quotas and do not want to renew the unpopularity these aroused.

My guess is that the choice will be between direct acreage controls and raising the standard of grain which is acceptable for sales into intervention stores and for export. The first would be difficult to administer and very unpopular and so will be regarded as a last resort.

The quality standard option could be quite *effective, particularly* in the short term, that is before farmers learn how to meet them—which might take some years. My instinct tells me this is the one the EEC will plump for, and I am taking steps to fit up my grain drying and processing plant to turn out the best sample possible. The move would be popular with *livestock farmers* too as there could well be a lot of sub-standard grain on the market with a consequent fall in price.

Such considerations are not paramount in the thinking of a practical farmer, however. His only option is to make the best of things this growing season to try to secure the best yield he can, whether it is of cereals, milk or meat. The success of his operation will depend to a large extent on the weather over the next few months. In spite of the winter's horrors, the present state of the crops and grass are a good foundation on which to build.

India faces coffee surplus

BY P. C. MAHANTI IN CALCUTTA

THE INDIAN coffee industry after several years of impressive growth has suddenly found itself saddled with an embarrassing surplus.

Output reached a record 170,000 tonnes in 1984-85. But export markets in countries belonging to the International Coffee Organisation (ICO) as well as non-members can absorb only 90,000 tonnes while the home market may at the most take 55,000 tonnes.

So there will be 25,000 tonnes to be disposed of somewhere, otherwise too large a stock will have to be carried forward—creating problems of storage and liquidity for the government-controlled coffee board responsible for marketing all coffee both at home and abroad.

India's quota under the International Coffee Agreement this year was originally a little more than 43,000 *tonnes. Following* persistent pleading from the Indian Coffee Board it has been *raised marginally* to 43,424 tonnes.

Among non-quota countries Russia has agreed to buy 35,000 tonnes and another 8,000 to 10,000 tonnes will be sold elsewhere.

S Since Indian has little chance of getting its ICO quota increased in the immediate future it must sell more to Russia or sell the surplus at home. India's share of the world coffee market is less than 2 per cent.

The United Planters Association of South India, which represents coffee producers, is opposed to offering too much to Russia because it demands a heavy *discount* on the London terminal price, especially when large offerings are made.

The *association wants* the coffee board to look for other markets, but the board seems to have *little* choice at the *moment.* It could try to sell more to EEC countries — a lucrative market for *coffee—but the* community's preferential tariff system makes Indian coffee at least 7 to 8 per cent dearer *than* coffee from "associate" countries.

In the domestic market strong competition from tea tends to limit expansion of coffee consumption.

Consumption within the country has been growing slowly and is currently about 55,000 tonnes. The only way to stimulate coffee sales at home is by cutting prices relative to tea, which the coffee board says will lead to serious losses.

In spite of the difficulties, however, the coffee board is pushing ahead with plans to raise coffee acreage and boost output to 200,000 tonnes by the end of the century. It is estimated that demand for export and at home will reach that level within 15 years.

It is worth pointing out that this year's output is almost the same as the target for 1989-90, the *last year* of the 11th five-year plan. At this rate of growth all the supply/demand *projections* as well as marketing plans will have to be updated so that embarrassing surpluses do not emerge year after year.

Philippines output of coconuts falls sharply

BY OUR COMMODITIES STAFF

COCONUT production in the Philippines fell 38.2 per cent *during* the *first* quarter to 230,000 tonnes (copra terms) against 371,000 tonnes in 1984, according to the United Coconut Association of the Philippines (UCAP).

The fall in output meant export income was very low.

UCAP, which groups producers of coconut and coconut-based consumer items, estimated *first* quarter export revenues at only $92m against $207m in 1984. Delayed recovery in the industry and continuing labour unrest were mainly responsible.

A recovery, however, is predicted for the second quarter. UCAP forecasts that 1985 coconut production will rise 27 per cent to 1.8m tonnes from 1.41m tonnes in 1984.

Exports of coconut oil for 1985 is projected at 1.2m tonnes (copra terms) against only 930,000m in 1984.

REUTER

● FARMERS in the Soviet Union are not meeting the country's grain needs and are failing to combat soil erosion, disease and pests, the daily Pravda said.

Grain production continues to be a key problem, despite attempts to counter poor weather and growing conditions, the paper said.

Output fell in parts of Kazakhstan, the Ukraine, the Volga and central Chernozem areas in the last five years.

● MR JOHN MacGREGOR, Minister of State, Agriculture, Fisheries and Food yesterday announced a £2 per tonne increase in the average contract price for potato market support in 1985-86. This completes the *package* of changes recently approved by parliament.

LONDON MARKETS

GROWING concern about the possibility of a shortage of cocoa supplies available for immediate delivery lifted nearby positions on the London futures market yesterday.

Traders said the big open position in New York may attract nearby physical cocoa away from London. They fear there may be availability problems when tendering physical cocoa against the expiring near May position begins next month.

This was reflected in the fact that nearby positions moved higher while forward positions lost ground. The prompt May quotation ended £15 higher at £1,973.50 a tonne and the July quotation £6 higher at £1,951.50 a tonne.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 9 1985	+ or −	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1125/145	......	$1110/115
Copper			
Cash h Grade	£1226.5	+37.5	£1272
3 mths	£1240.5	+33.7	£1286.0
Gold troy oz	$323.0	+3.75	$290.75
Lead Cash	£348.5	+16.0	£320.0
3 mths	£335.25	+7.75	£332.5
Nickel			
Free Mkt	240/270c	......	250/260c
Palladium oz.	$114.0	+1.75	$111.80
Platinum oz	$291.20	+7.0	$244.25
Quicksilver†	$285/295	......	$280/300
Silver troy oz	550.05p	+21.1	591.00p
3 mths	567.85p	+22.5	637.80p
Tin cash	£9842.5	+52.0	£10,137.5
3 mths	£9841	+30.5	£10,189
Tungsten	$77.70	......	$76.00
Wolfram 22.04lb	$75/78	......	$75/78
Zinc	£801	......	£828
3 mths	£735.0	......	£804.5
Producers	$860	......	$900/940

OILS	Apr. 9 1985	+ or −	Month ago
Coconut (Phil)	$660v	+20	$960
Palm Malayan	$635y	......	$600
SEEDS			
Copra Phil	$605w	+5	$546
Soyabean (U.S.)	253.5x	+2.1	$243.8
GRAINS			
Barley Fut. Sep	£98.75	−0.15	£117.90
Maize	£151.5v	—	£149.00
Wheat Fut. July	£124.70	+0.70	£116.65
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. July	£1901.5	+6.0	£2120
Coffee Ft. July	£2214.5	−16.5	£2481
Cotton A Index	66.75c	−0.15	66.95c
Gas Oil May	$227.5y	−0.0	$223.0
Rubber (kilo)	66p	—	70p
Sugar (raw)	106w	−2.00	0109
Wooltops 64s	482pkilo	......	522pkilo

‡ Unquoted w April-May. x April. y May. v March-April. † Per 76-lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

April 4	April 3	M'th ago	Year ago
299.48	297.02	295.53	307.35

(Base: July 1 1952 = 100)

REUTERS

Apr. 9	Apr. 4	M'th ago	Year ago
1936.0	1932.7	2030.9	2008.5

(Base: September 18 1931 = 100)

MOODY'S

Apr. 3	Apr. 2	M'th ago	Year ago
956.9	956.2	954.9	1,082.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 3	Apr. 2	Month ago	Year ago
Spot	119.07	119.51	117.21	143.06
Fut.	123.16	124.06	120.12	146.61

(Base: December 31 1974 = 100)

OIL

Crude trading was very thin, and *largely confined to Brent. Prices* were stable to firm at levels achieved in U.S. trading on Sunday. The Petroleum products market was quiet and participants *returned to work after the* holiday. Gas oil prices remain stable in North-West Europe, but weakened in Med. and increased Russian material added to the already adequate supply, without finding many buyers. Heavy fuel was quiet and unchanged—Petroleum Argus London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	*27.85-27.75	—
Arab Heavy	*26.40-26.45	—
Dubai	*26.30-26.35	—
Brent Blend	*27.85-28.95	—
W.T.I. (1pm est)	*28.80-29.00	—
Forcados (Nigeria)	28.00-28.20	—
Urals. (cif NWE)	27.95-28.10	—
PRODUCTS—North West Europe *Prompt delivery cif ($ per tonne)*		
Premium gasoline	283-286	+1.5
Gas Oil	232-234	—
Heavy fuel oil	102-100	—

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
April	230.25-30.50	−1.50	231.50-31.75
May	227.50-27.75	−0.50	229.50-25.50
June	225.00-25.25	−0.25	225.00-25.50
July	224.75-25.00	−0.50	224.75-24.75
Aug	226.00-27.00	—	227.00-27.00
Sep	228.00-29.50	−0.25	—
Oct	227.00-32.00	−0.50	—

Turnover: 984 (1,336) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1216-7	+21.5	1226-7	+37.5
3 months	1230-1.5	+24.2	1240-1	+35.7
Settlem't	1217	+27.5	—	—
Cathodes				
Cash	1216-9	+26.5	1228-8	+36
3 months	1231-3	+24.7	1241-3	+34.7
Settlem't	1219	+27	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,216.5, three months £1,233, 31.5, 31, 31.5, 32, 31, 30, 30.5, 31. Kerb: Higher Grade: Three months £1,232, 31, 31.5, 34. Afternoon: Higher Grade: Three months £1,236, 38, 39, 38, 38.5, 39, 39.5, 40, 42, 41, 40.5, 40, 40.5, 41, 41.5, 41, 40.5, 41. Kerb: Higher Grade: Three months £1,242, 43, 44, 42.5, 44, 44.5, 44. Turnover: 22,250 tonnes. U.S. Producers 70.625-71 cents per pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9810-20	−4.5	9849-5	+32
3 months	9835-45	+1.5	9860-2	+28.5
Settlem't	9820	−9	—	—
Standard				
Cash	9810-2	−.5	9849-5	+32
3 months	9812-5	−3	9849-2	+30.5
Settlem't	9812	−1	—	—
Straits. E.	$29.41		—	—

Tin—Morning: Standard: Cash £9,810; three months £9,820, 25, 20, 10, 12. High Grade: Three months £9,840. Kerb: Standard: Three months £9,810. Afternoon: Standard: Three months £9,840, 45. High Grade: Three months £9,860. Kerb: Standard: Three months £9,830. Turnover: 665 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	342-.5	+9.75	348-9	+16
3 months	334-.25	+6.62	335-.5	+7.75
Settlem't	342.5	+9.5	—	—

Lead—Morning: Cash £342, three months £335, 35, 35.5, 35, 34.25, 34. Kerb: Three months £335, 34.5, 34. Afternoon: Three months £335, 36, 37, 38, 39, 37, 36, 37, 38.5, 38. Kerb: Three months £335, 34, 33, 32, 31, 32. Turnover: 12,775 tonnes. U.S. Spot 20.22 cents per pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	742-4	−1	743-5	
3 months	742-4	+1.5	744-5	+3
Settlem't	744	−1	—	—

Zinc—High Grade Official-Unofficial prices: Cash am 780-2, pm 775-8, three months am 772-5, pm 773-5: Settlement ... Zinc—Morning: Three months £743. Kerb: Three months £742, 41, 42. Afternoon: Three months £744, 45. Kerb: Three months £745, 44, 45. Turnover: 8,875 tonnes. U.S. Prime Western: 45.50-47.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	920-1	+8.75	923.5-4.0	+13.5
3 months	948-0.9	+11	952.5-3	+10

Aluminium—Morning: Three months £950, 51, 50.5, 50, 51, 50, 49.5, 49, 48.5. Kerb: Three months £947, 46. Afternoon: Three months £951, 52, 53, 52, 52.5, 53, 55, 54, 53, 52, 52.5. Kerb: Three months £951, 50, 49.0, 50. Turnover: 11,675 tonnes.

GOLD

Gold rose $5¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $322¾-323¼. *The metal opened* at $323¼-323¾ and traded between a high of $324-324½ and a low of $321½-322. Trading was confined to a relatively narrow range despite a stronger dollar with the market awaiting fresh economic data on the U.S. economy due for release later this week.

GOLD BULLION (fine ounce) Apr. 9

Close	$322¾-323¼	(£269¼-269¾)
Opening	$323¼-323¾	(£265¾-266¼)
M'n'g fix.	$323.10	(£267.423)
Aft'n'n fix.	$323.10	(£268.699)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$332¼-334	(£277-278¼)
½ Krug.	$169¾-170	(£141¼-141¾)
¼ Krug.	$86¼-87¼	(£72-72¾)
1/10 Krug.	$35-35½	(£29¼-29¾)
Mapleleaf	$332¼-334	(£277-278¼)
New Sov.	$75¾-77¼	(£63¼-64½)
½ New Sov.	$45-46¼	(£37½-38)
Old Sov.	$76-77½	(£63¼-64¾)
$20 Eagle	$440-480	(£366¾-400)
Noble Plat	$288½-292	(£240¼-243¼)

SILVER

Silver was fixed 21.1p an ounce higher for spot delivery in the London bullion market yesterday at 550.05p. U.S. cent equivalents of the fixing levels were: spot 662.8c, up 23.8c; three-month 676.8c, up 24.9c; six-month 692.95c, up 25.65c; and 12-month 727.9c, up 26.85c. The metal opened at 545-548p (663-666c) and closed at 551¼-554½ (661-664c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	550.05p	+21.1	562.5p	+28.5
3 months	567.85p	+22.5	570.5p	+21.0
6 months	585.75p	+25.4	—	......
12 months	613.75p	+24.1	—	......

LME—Turnover: 43 (48) lots of 10,000 ozs.

Morning: 1st ring untraded, 2nd ring *Cash 549, three month 567. Kerb: Three* months 567. Afternoon: 2nd ring three months 570. Kerb: 070, 71.5, 72.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	4580-90	+17.5	4555-60	−12.5
3 months	4506-10	−11	4524-5	+5.5

Nickel—Morning: Cash £4,560, 70, 80; three months £4,515, 10, 6, 10. Kerb: Three months £4,515, 10. Afternoon: Three months £4,525, 24. Kerb: Three months £4,510, 4,500, 4,495, 4,500. Turnover: 1,868 tonnes.

COCOA

Although due to open much steadier, futures disappointed and ended a quiet day little altered to the previous close, with both producers and consumers continuing to stand on the sidelines, physical activity was limited to light second-hand interest, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1973-1974	+15.0	1984-1967
July	1951-1952	+6.0	1966-1951
Sept.	1928-1929	−7.0	1946-1928
Dec.	1869-1872	−1.0	1884-1867
Mar.	1860-1867	−5.5	1882-1864
May	1865-1869	−6.5	1876-1875
July	1862-1878	—	—

Sales: 1,498 lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for April 14 101.55; five-day average for April 9 103.90.

COFFEE

A steadier pound produced opening losses of £24, *reports* Drexel, Burnham, Lambert. However, as sterling gradually drifted lower prices recovered in thin conditions with September *through to January* trading around unchanged during a quiet afternoon.

COFFEE	Yesterd'ys Close	+ or −	Business Done
May	2170-73	−22.5	2180-67
July	2214-15	−16.5	2228-01
Sept.	2255-56	−7.0	2264-40
Nov.	2270-79	−9.5	2287-58
Jan.	2276-78	−8.5	2285-50
March	2250-60	−22.5	—
May	2225-40	−7.5	2240

Sales: 1,034 (3,566) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for April 8: Comp. daily 1979 132.74 (133.69); 15-day average 133.41 (133.17).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 118 tonnes. Fair trading *developed* with attention directed towards Russian and East African descriptions.

GRAINS

The old crop market advanced on good physical demand with May testing contract high and July establishing a new high. Light profit taking eased. Barley was quiet with initial gains attributed to strength in wheat. New crops were little steadier on shipper buying, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdy's close	+ or −
May	120.80	+0.80	116.20	+0.40
July	124.70	+0.70	—	—
Sept.	99.00	−0.15	98.75	−0.15
Nov.	102.20	−0.20	103.30	−0.10
Jan.	105.70	−0.25	106.70	−0.10

HGCA—Regional and UK average ex-farm spot prices: Feed Wheat: S. East 118.30, S. West 118.10, Eastern 117.00, E. Mids 119.20, N. East 118.80, N. West 118.70, Scotland 119.30. Feed Barley: S. East 113.90, S. West 113.80, Eastern 114.80, E. Mids 115.50, W. Mids 115.10, N. East 118.50, N. West 113.00, Scotland 112.80.

HGCA — Locational ex-farm spot prices. Feed wheat: S. East 118.00, W. Mids 118.90, N. West 120.40. Feed barley: S. East 113.90, W. Mids 113.90, N. West 112.70. The UK monetary coefficient for the week beginning Monday April 15 is expected to change to 1.000.

PIGMEAT

After a quiet opening the market steadied slightly during the afternoon on firmer physical prices, reports GCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	105.80	105.40	105.80-105.40
Aug.	101.70	101.70	101.70-101.64
Oct.	107.70	107.50	107.70-107.70
Nov.	108.80	108.40	108.50-108.50
Feb.	99.50	100.00	—
April	98.50	100.00	—

Sales: 42 (29) lots of 50 carcases, 3,250 kg.

POTATOES

The old crop positions opened easier, recovering late session to close at the day's high. Wet weather, continuing to hold up plantings, caused new crop to open sharply higher and move up throughout the day in good buying interest, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	48.00	40.60	42.00-40.0
May	49.00	49.70	49.00-47.8
Nov.	75.00	71.30	75.50-73.5
Feb	83.50	79.50	85.50-83.0
Apr.	103.50	97.00	104.5-99.0

TAI Sales: 990 (369) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted very little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 66.00p (65.00p), May 72.75p (71.75p), June 73.50p (72.50p). The Kuala Lumpur fob price for RSS No 1 was 206.50 (201.75) cents a kg and for SMR 20 was 203.9 (199.9).

SOYABEAN MEAL

The market opened £2 down on stronger sterling, reports T. G. Roddick. Prices remained on the defensive *throughout the session, closing on the* low.

	Yesterday close	+ or −	Business Done
	£ per tonne		
April	130.0-135.5	−7.75	137.0-136.0
June	128.0-128.5	−2.85	130.0-128.5
August	127.5-128.5	−3.20	133.0-128.8
October	131.5-131.9	−3.50	133.0-132.0
Dec	137.0-138.0	−3.55	139.0-138.0
Feb	141.0-145.0	−4.20	—
Apr	145.5-147.0	−3.00	146.0-146.0

Sales: 285 (532) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $106.00 (£88.00), down $2.00 (same) a tonne for April/May delivery. White sugar $130.50, down 50c.

No. 6 Con-tract	Yest'dy's close	Previous close	Business done
	$ per tonne		
May	108.8-109.0	110.8-111.2	110.2-108.8
Aug	113.2-113.6	115.2-115.8	115.0-113.6
Oct	117.2-117.4	118.8-119.2	118.8-117.4
Dec	124.0-125.0	125.2-128.0	—
Mar	135.0-135.4	138.0-138.2	137.0-135.8
May	—	145.0-145.2	141.8-140.8
Aug	146.8-148.0	148.0-149.2	—

Sales: 601 (1,272) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £194.00 (£194.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 4 unavailable.

OTHER MARKETS

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets —GB—Cattle 95.26p per kg lw (+0.64). GB—Sheep 256.25p per kg est dcw (+21.89). GB—Pigs 78.51p per kg lw (+0.75).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 74.0-81.0; English hindquarters 92.0-99.0, forequarters 48.0-53.5; Ulster forequarters 46.5-52.5. Veal: Dutch hinds and ends 122.0-126.0. Lamb: English small 100.0-108.0, medium 98.0-105.0, heavy 93.0-102.5; Imported: New Zealand PL (new *season*) 87.0-88.0, PX (new season) 85.0-86.0. Pork: English under 100 lb 48.0-58.0, 100-120 lb 52.0-56.0, 120-160 lb 40.0-46.0.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 625.0, 632.0, 630.0-630.0; July 632.0, 632.0, 634.0-630.0; Oct 605.0, 608.0, 610.0-610.0; Dec 615.0, 617.0, 620.0-620.9; March 620.0, 623.0, Nil; May 624.0, 625.0, *Nil;* July 630.0, 638.0, *Nil;* Oct 620.0, 632.0, Nil. Sales: 26.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 506, 511, nil; Aug 530, 532, 531; Oct 535, 536, 535; Dec 536, 537, 536; Jan 536, 539, 538-537; March 546, 549, 548; May 551, 555; untraded; Aug 563, 568, untraded; Oct 565, 571, untraded. Sales: 16.

ROTTERDAM

WHEAT—(U.S. $ per tonne). U.S. No. 2 Soft Red Winter: May 170, July 150, Aug 151, Sept 152, sellers. U.S. No. 2 Northern Spring, 14 per cent protein: April 172, May 171.50, June 169, July 167.50, Aug 167.50, Sept 166, sellers. U.S. Northern Spring, 15 per cent protein: April/May 182, Sept 177, sellers. U.S. No. 3 Hard Amber Durum: April 182, May 181, June 180, July 179, Aug 178, Sept 173, Oct 176, Nov 179. Canadian No. 1 Western Amber Durum: April/May 189.75, May/June 189.75, Sept 186.75, sellers. MAIZE—(U.S. $ per tonne). (U.S. No. 3 Yellow: Afloat 139, April 136, May 136, June 136, July/Sept 138, Oct/Dec 130, sellers. Argentine, Plate: Afloat 137, April 134.50, May 133, June 133, sellers.

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES — **FOREIGN EXCHANGES**

Dollar up on short covering

The dollar recovered from its opening level on renewed short covering in currency markets yesterday. In New York on Monday, when London was closed, the dollar had fallen to DM 3.1305 against the D-mark from Thursday's close in London of DM 3.1740, but it recovered yesterday to finish at DM 3.1510. The weaker trend in New York reflected selling on news of a small U.S. securities firm experiencing financial difficulties.

However European traders came into the market yesterday morning to find the dollar some 4 pfennigs down from when they went home before Easter and this resulted in a good deal of short covering. There are no U.S. economic statistics due for release until tomorrow and despite the latest bout of short-covering, there was little clear indication as to how the market viewed the dollar's potential, before any further guide as to the performance of the U.S. economy.

The dollar closed at SwFr 2.6615 from SwFr 2.6550 and Y254.95 compared with Y254.40. Against the French franc it finished at FFr 9.6175 from FFr 9.69. On Bank of England figures, its exchange rate index fell to 148.7 from 148.9.

STERLING — Trading range against the dollar in 1985 is 1.2390 to 1.0525. March average 1.1260. Exchange rate index 76.5 up from 76.3 on Thursday but down from an opening high of 77.0.

Sterling retained some of the day's gains despite market reports of a reduction in the price of North Sea oil. Against the dollar it touched a best level of $1.2215 before finishing at $1.2060 up from $1.1965. It was also higher against the D-mark at DM 3.7975 from DM 3.7900 and Y307.25 from Y304.0. It rose to FFr 11.5725 from FFr 11.5550 but was unchanged against the Swiss franc at SwFr 3.2075.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.0825. March average 3.2972. Exchange rate index 120.9 against 120.7 six months ago.

The dollar drifted firmer in Frankfurt yesterday to finish towards the best level of the day. It closed at DM 3.1630 up from DM 3.1575 on Thursday. Trading was quiet for much of the day with the dollar's recovery reflecting market sentiment that its recent sharp decline may have been a little overdone.

Further support was derived by market expectations of an upward revision to the first quarter U.S. GNP figures from the original flash estimate released earlier this month. Elsewhere sterling finished at DM 3.7995 from DM 3.8050 while the Swiss franc improved to DM 1.1876 from DM 1.1979½.

STERLING EXCHANGE RATE INDEX

	April 9	Previous
8.30 am	77.0	76.7
9.00 am	77.0	77.0
10.00 am	77.0	76.8
11.00 am	76.8	76.8
Noon	76.8	76.8
1.00 pm	76.8	76.9
2.00 pm	76.7	76.8
3.00 pm	76.7	76.6
4.00 pm	76.5	76.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9796	+0.19	+0.28	±1.5522
Danish Krone ...	8.19104	8.01032	−1.61	−1.53	±1.6419
German D-Mark	2.24184	2.23445	−0.33	−0.25	±1.1475
French Franc ...	6.87456	6.82039	−0.79	−0.71	±1.2669
Dutch Guilder...	2.52595	2.52280	−0.12	−0.04	±1.5171
Irish Punt	0.72569	0.714134	−1.59	−1.51	±1.6703
Italian Lira	1403.49	1424.37	+1.49	+1.49	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	April 9	prev. close
£ Spot	$1.2090-1.2100	$1.2118-1.2150
1 month	0.48-0.46pm	0.46-0.49pm
3 months	1.25-1.18pm	1.28-1.80pm
12 months	1.96-1.85pm	2.07-2.00pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

April 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	1.1965-1.2215	1.2055-1.2065	0.49-0.46c pm	4.73	1.22-1.17 pm	3.96
Canada	1.6420-1.6680	1.6420-1.6480	0.47-0.39c pm	3.14	1.20-1.06 pm	2.75
Nethlnd.	4.27½-4.30¼	4.28¼-4.29¼	2½-2¼c pm	6.64	6½-6¼ pm	5.94
Belgium	76.16-76.71	76.30-76.40	24-19c pm	3.38	60-51 pm	2.91
Denmark	13.57-13.65½	13.64¾-13.65¼	4-3½ore pm	3.13	10¾-9¾ pm	2.98
Ireland	1.2105-1.2195	1.2105-1.2115	.07p pm-.10dis	−0.16	.13pm-.31ds	−0.30
W. Ger.	3.78½-3.81½	3.79¾-3.80¼	2½-2¼pf pm	7.70	6¼-6½ pm	6.88
Portugal	207½-215½	208-212	155-525c dis	−19.43	610-1490ds	−18.05
Spain	211-212½	211-211½	15c pm-par	0.43	5-40 dis	−0.43
Italy	2408-2423	2418½-2419½	1-4lire dis	−1.24	7-11 dis	−1.49
Norway	10.86½-10.97¼	10.96-10.97	½ore pm-½ dis	−0.27	1¾-1¼ pm	0.55
France	11.54-11.62¾	11.56¼-11.57¼	3-2½c pm	2.85	6¾-5¾ pm	2.16
Sweden	10.92½-11.00½	10.99½-11.00½	½ore pm-½ dis	—	¼-¾ dis	−1.00
Japan	305½-316	306¾-307¾	2.00-1.80y pm	7.42	5.20-5.00 pm	6.64
Austria	26.40-26.80	26.46-26.56	15¾-10¾gro pm	6.82	91½-38½ pm	5.06
Switz.	3.19-3.22½	3.20½-3.21½	2½-2¼c pm	8.42	6-5¾ pm	7.33

Belgian rate is for convertible francs. Financial franc 77.15-77.25. Six-month forward dollar 1.83-1.78c pm. 12-month 2.00-1.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1965-1.2215	1.2055-1.2065	0.49-0.46c pm	4.73	1.22-1.17 pm	3.96
Ireland†	0.9870-0.9980	0.9945-0.9960	0.45-0.35c pm	4.84	1.20-0.90 pm	4.24
Canada	1.3700-1.3742	1.3732-1.3742	0.17-0.20c dis	−1.62	0.40-0.45dis	−1.24
Nethlnd.	3.5290-3.5790	3.5540-3.5550	0.59-0.56c pm	1.94	1.82-1.76 pm	2.03
Belgium	62.83-63.77	63.30-63.40	6-7c dis	−1.23	15-17 dis	−1.01
Denmark	11.16¾-11.34½	11.32½-11.33¼	¼-1¼ore dis	−1.00	1-1½ dis	−0.44
W. Ger.	3.1140-3.1680	3.1505-3.1515	0.83-0.80pf pm	3.10	2.38-2.33 pm	2.98
Portugal	175-178½	175-178½	200-500c dis	−23.90	600-1400ds	−22.76
Spain	174.75-176.65	176.30-176.55	0.63-0.73c dis	−4.64	1.85-2.10dis	−4.50
Italy	1985-2013	2006-2007	10-10½lire dis	−6.12	28-29 dis	−5.67
Norway	8.99-9.09½	9.07¾-9.08¼	3-3½ore dis	−4.30	8-8½ dis	−3.64
France	9.5500-9.6675	9.6170-9.6180	1.50-1.60c dis	−1.93	4.30-4.60dis	−1.85
Sweden	9.01-9.19½	9.10¼-9.10¾	3¼-3¾ore dis	−4.61	9½-10 dis	−4.28
Japan	254.20-256.50	254.90-255.00	0.62-0.58y pm	2.82	1.77-1.72 pm	2.73
Austria	21.90¾-22.23½	22.18-22.21	3½-3¼gro pm	1.90	11½-9½ pm	1.90
Switz	2.6300-2.6740	2.6610-2.6620	0.83-0.77c pm	3.60	2.23-2.17 pm	3.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.95-64.05.

OTHER CURRENCIES

Apr. 9	£	$		£ Note Rates
Argentina Peso..	435.10-435.79	302.49-302.70	Austria	26.00-28.03
Australia Dollar.	1.8000-1.8060	1.4973-1.4983	Belgium	76.05-77.45
Brazil Cruzeiro ..	5,474-5,503	4,066-4,580	Denmark	13.58-13.71
Finland Markka..	7.8780-7.0060	6.5520-6.3570	France	11.57-11.68
Greek Drachma.	165.85-167.49	153.15-137.98	Germany	3.70-3.82
Hong Kong Dollar	9.3600-9.3700	7.7985-7.8005	Italy	2410-2440
Iran Rial	118.50*	90.60*	Japan	306-312
Kuwait Dinar (KD)	0.3015-0.3025	0.50200-0.50210	Netherlands	4.27¾-4.31¾
Luxembourg Fr	76.60-76.90	63.30-65.40	Norway	10.90-11.01
Malaysia Dollar..	3.0276-3.0336	2.5220-2.0260	Portugal	208-221
New Zealand Dlr.	2.6500-2.6700	2.2075-2.2200	Spain	206¼-214½
Saudi Arab Riyal	4.3230-4.3380	3.6090-3.6100	Sweden	10.95-11.04
Singapore Dollar	2.6795-2.6865	2.2320-2.2350	Switzerland	3.20¼-3.23¼
Sth African Rand	2.3665-2.3930	1.9780-1.9880	United States	1.20⅛-1.22⅛
U.A.E. Dirham....	4.3966-4.4060	3.6720-3.6730	Yugoslavia	285-334

* Selling rate.

CURRENCY MOVEMENTS

Apr. 9	Bank of England Index	Morgan Guaranty Change %
Sterling	76.8	−12.8
U.S. dollar	148.7	+33.1
Canadian dollar	88.3	−0.0
Austrian schilling	111.1	+0.4
Belgian franc	88.7	−10.8
Danish Kroner	70.0	−3.7
Deutsche mark	120.9	+6.5
Swiss franc	137.5	+7.1
Guilder	111.2	+2.9
French franc	64.3	−15.6
Lira	45.8	−16.7
Yen	154.2	+10.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.814470	0.587596
U.S. $	8	0.981681	0.709349
Canadian $	10.65	*	0.07490†
Austria Sch.	4½	21.7390	15.7060
Belgian Fr	11	62.5013	44.0798
Danish Kr	7	11.0876	8.01032
D mark	4½	3.09524	2.23440
Guilder	5½	3.40773	2.52280
French Fr	9½	9.45801	6.82059
Lira	16½	1973.38	1424.37
Yen	5	240.740	181.132
Norway Kr	8	8.88814	6.42848
Spanish Pta	—	172.587	124.774
Swedish Kr	9	8.91017	6.45401
Swiss Fr	4	2.61373	1.88861
Greek Drch	20½	134.638	96.0751
Irish Punt	13¾	0.988303	0.714134

*CS/SDR rate for April 3: 1.35497.

EXCHANGE CROSS RATES

April 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.206	3.798	307.3	11.57	3.208	4.293	2418.	1.645	76.35
U.S. Dollar	0.829	1.	3.151	255.0	9.616	2.662	3.559	2007.	1.364	63.33
Deutschemark	0.263	0.318	1.	80.01	3.047	0.846	1.130	607.0	0.433	20.11
Japanese Yen 1,000	3.286	3.925	12.36	1000.	37.66	10.44	13.97	7873.	5.354	248.0
French Franc 10	0.864	1.042	3.281	265.0	10.	2.778	3.709	2090.	1.421	65.08
Swiss Franc	0.312	0.376	1.184	80.97	3.608	1.	1.338	754.2	0.513	23.80
Dutch Guilder	0.233	0.281	0.885	71.58	2.698	0.747	1.	563.5	0.383	17.79
Italian Lira 1,000	0.413	0.499	1.570	127.0	4.784	1.326	1.774	1000.	0.680	31.56
Canadian Dollar	0.608	0.733	2.309	186.8	7.035	1.950	2.600	1471	1.	46.41
Belgian Franc 100	1.310	1.580	4.974	402.4	15.10	4.201	5.622	3168.	2.155	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13-13¼	8⅛-8⅜	9¾-10¼	6⅞-7	4⅛-4⅜	5⅞-5¾	10⅛-10⅝	13⅛-14⅛	10-10⅛	10¼-10⅛	5⅞-6⅛	9¾-10⅛
7 day's notice	13⅛-13¼	8⅛-8⅜	9¼-10⅛	6⅞-7	3¼-3⅛	5⅜-5¼	10⅛-10⅝	14-15	10¼-10⅛	10⅛-10⅜	6-6⅛	9¾-10¼
Month	13⅛-13⅛	8⅝-8⅝	9⅝-10⅛	6⅞-7	5¼-5⅜	5⅞-6⅛	10⅝-10⅝	14¼-14¾	10-10¼	10-10⅛	6⅛-6⅛	10-10⅛
Three months	13⅛-13⅛	8⅝-9⅛	10⅛-10⅝	6⅞-7	5⅝-5⅝	5⅝-6⅛	10⅝-11⅛	14⅛-10	10⅛-10⅜	10⅛-10⅜	6⅛-6⅜	10-10⅛
Six months	12⅝-13⅛	8⅝-9⅛	10⅛-10⅝	6⅞-7⅛	5⅝-5⅝	5⅝-6⅛	11⅛-11⅝	14¾-16⅛	10⅛-10⅜	10⅛-10⅜	6⅜-6⅝	10⅛-10⅝
One year	12⅛-12¼	10⅛-10⅛	10⅝-11⅛	7-7⅛	5⅝-5⅝	5⅝-6⅛	11⅛-11⅝	10¼-16⅝	10⅝-10⅝	10⅛-10¾	6⅜-6⅝	10¼-11

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅞ per cent; seven days 8⅞-9⅛ per cent; one month 8⅝-8⅞ per cent; three months 9-9¼ per cent; six months 9⅜-9⅝ per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollars: two years 11¼-11⅝ per cent; three years 11½-11¾ per cent; four years 11¾-12 per cent; five years 12-12¼ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

Quiet trading

It was a quiet day on the London International Financial Futures Market yesterday. Dollar denominated contracts were reasonably firm, but Eurodollar futures showed little change after a strong opening. Dealers suggested that recent surveys point to little or no change in the general monetary situation in the U.S., amid a period of light Treasury sales of paper in April. This has led to some optimism that interest rates will come off, with futures prices regarded as slightly cheap to cash. On the other hand there is little to stimulate the market ahead of Thursday's U.S. retail sales figures for March, which are anticipated to be below February's rise. At the same time it is feared tomorrow's U.S. M2 and M3 money supply growth will look excessive, leading to upward pressure on U.S. interest rates, while May is also a month of large quarterly refunding by the Treasury.

Against this confusing background June Eurodollars opened at 90.26 and closed at 90.27, compared with 90.15 on Thursday. U.S. Treasury bonds were also quiet, as were three-month sterling deposits, although the yield curve in the sterling cash interest rate market tended to encourage buying of June and selling of September contracts.

Stockjobbers were reported to be buyers of gilt futures in early trading, but if today's M3 money supply rises by more than 1 per cent dealers expect heavy selling to develop.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.27	90.30	90.23	90.15
Sept	89.63	89.67	89.60	89.53
Dec	89.17	89.20	89.16	89.10
March	88.80	88.83	88.79	88.76
June	88.52	—	—	88.51

Est volume 2,882 (2,282)
Previous day's open int 18,287 (16,336)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.74	87.88	87.73	87.76
Sept	88.74	88.85	88.72	88.73
Dec	88.89	89.00	88.89	88.90
March	88.93	88.95	88.90	88.79
June	88.89	88.12	88.89	88.79

Est volume 507 (1,565)
Previous day's open int 6,044 (5,934)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-11	106-12	106-00	105-28
Sept	110-05	—	—	109-22
Dec	110-07	—	—	109-24
March	109-28	—	—	109-13

Est volume 1,153 (1,132)
Previous day's open int 3,018 (3,679)
Basis quote (clean cash price of 15¼% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.1905	1.2065	1.1905	1.1840
Sept	1.1835	—	—	1.1775
Dec	1.1810	—	—	1.1755

Est volume 77 (100)
Previous day's open int 6,703 (6,513)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3176	0.3206	0.3176	0.3171
Sept	0.3203	—	—	0.3198

Est volume 36 (15)
Previous day's open int 224 (216)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3766	—	—	0.3747

Est volume nil (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3933	—	—	0.3947
Sept	0.3984	—	—	0.3987

Est volume nil (16)
Previous day's open int 559 (567)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	127.20	127.80	127.15	128.25
Sept	127.85	—	—	129.00

Est volume 138 (108)
Previous day's open int 1,116 (1,113)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	69-00	69-01	68-25	68-28
Sept	68-02	—	—	67-30

Est volume 724 (556)
Previous day's open int 3,046 (2,942)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	68-29	69-00	68-24	68-28
Sept	67-31	68-02	67-25	67-30
Dec	67-05	67-00	67.00	67-04
March	66-15	66-13	66-09	66-12
June	—	65-23	65-21	65-22
Sept	—	—	—	65-03
Dec	—	—	—	64-17
March	—	—	—	64-01
June	—	—	—	63-19
Sept	—	—	—	—
Dec	—	—	—	62-26

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.46	91.47	91.42	91.46
Sept	90.89	90.90	90.86	90.89
Dec	90.48	90.50	90.46	90.48
March	90.15	90.17	90.15	90.15
June	—	—	—	89.91
Sept	—	—	—	89.71
Dec	88.50	—	89.90	89.51
March	—	—	—	89.32

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.67	90.68	90.62	90.65
Sept	90.02	90.02	89.98	90.01
Dec	89.51	89.51	89.48	89.52
March	—	—	—	89.15

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.26	90.28	90.21	90.25
Sept	89.61	89.62	89.57	89.61
Dec	89.13	89.14	89.11	89.14
March	88.78	88.78	88.75	88.77
June	88.46	—	88.46	88.47
Sept	—	—	—	88.22
Dec	—	—	—	87.99
March	—	—	—	87.77

STERLING (IMM) $e per £

	Latest	High	Low	Prev
June	1.1895	1.1990	1.1885	1.2030
Sept	1.1810	1.1900	1.1800	1.1960
Dec	1.1800	1.1880	1.1800	1.1945
March	—	—	—	1.2265
June	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-03	69-03	69-00	69-02
Sept	—	—	—	68-11
Dec	—	—	—	67-23
March	—	—	—	—
June	—	—	—	66-21
Sept	—	—	—	66-07

MONEY MARKETS

Slight decline in London rates

Interest rates had a slightly softer tone in quiet London money market trading yesterday. Three-month interbank fell to 13 1/16-13 3/16 per cent, from 13¼-13⅛ per cent at Thursday's close, while discount houses buying rates for three-month eligible bank bills were unchanged at 12 13/16 per cent. Rates moved up a little towards the close, as sterling dipped briefly below $1.20, but the day-to-day credit situation was generally comfortable despite a very large shortage. Dealers suggested that Gerrard and National may be more willing sellers of paper, following the end of the company's financial year, but the overall situation in the market is nervous ahead of today's UK money supply figures.

UK clearing banks base lending rate 13-13½ per cent since April 3

The Bank of England forecast a money market shortage of £1,000m in the morning, but revised this to £1,150m in the afternoon. Total help on the day was £1,222m.

An early round of help was offered to the market, and at that time the authorities bought £450m bills outright, by way of £125m bank bills in band 1 (up to 14 days maturity) at 12⅞ per cent; £223m bank bills in band 2 (15-33 days) at 12⅞ per cent; £60m local authority bills in band 3 (34-63 days) at 12⅞ per cent; £26m bank bills in band 3 at 12⅞ per cent; £7m local authority bills in band 4 (64-91 days) at 12¾ per cent; and £9m bank bills in band 4 at 12¾ per cent.

Before lunch the Bank of England gave further assistance of £627m, including £275m bills purchased outright, through £100m bank bills in band 1 at 12⅞ per cent; £168m bank bills in band 2 at 12⅞ per cent; £2m bank bills in band 3 at 12⅞ per cent; and £5m bank bills in band 4 at 12¾ per cent. Another £352m bills were bought for repurchase by the market on May 7 at 12⅞ per cent.

In the afternoon the authorities bought £75m bills outright, by way of £50m bank bills in band 1 at 12⅞ per cent; and £25m bank bills in band 2 at 12⅞ per cent. Late assistance of £70m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £1,408m, with bank balances below target absorbing another £150m. These were partly offset by Exchequer transactions adding £200m to liquidity, and a fall in the note circulation of £225m.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 9 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-13⅛	15-13⅛	12⅛-15½	10½-13⅛	—	—	—	—	—
2 days notice	—	—	13¼-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13-15¼	13¼-13⅛	13⅜-13½	10-13⅛	—	—	—	—	—
One month	13¼-13⅛	13⅛-13⅛	13¼	13⅛	12⅞	12¾	12 11/16	12¾	12 11/16	13¾
Two months	13⅛-13⅛	13⅛-13⅛	—	13⅛	12¾	12⅞	12⅞	12⅞	12⅞	13¼
Three months	13⅛-12⅞	13⅛-13⅛	13	13⅛	12½	12⅞	12⅞	12⅞	12⅞	13⅛
Six months	12⅞-12⅞	12⅞-12⅞	12⅝	—	—	—	—	11⅞	11⅞-11¾	12⅞
Nine months	12⅞-12⅞	12¾-12⅞	—	—	—	—	—	—	—	—
One year	12-11⅞	12⅛-12⅛	12	—	—	—	—	—	—	—

MONEY RATES

April 9	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.76-6.85	10½	9⅞-5⅛	7-7⅛	6.15625	10⅝-15¼	12.00	14⅛-14⅜
One month	5.75-5.90	10⅛-10⅝	5⅜-5⅝	6⅛-6⅜	6.28125	14⅞-15¼	10⅛-10⅝	13⅞-14
Two months	5.85-6.00	10⅛-10⅝	—	—	—	—	—	13⅞-14
Three months	6.05-6.16	10½-10⅝	5⅜-5⅜	6⅜-6⅜	6.34375	16⅛-15½	10¼-10⅛	13⅛-13¾
Six months	6.10-6.23	10⅛-10⅝	—	6⅞-7	—	—	10⅛-10⅝	13⅛-13¾
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	8⅞	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13⅞-16⅛	—	13⅛	8.9-8.7	8⅜-8⅝	9⅞-10
Two months	13¾-13⅝	—	13⅛	8.7-8.8	8⅛-8¾	9 13/16-10 1/16
Three months	13⅜-13⅜	—	13⅛	8.85-8.95	8⅝-8⅞	10-10⅛
Six months	13-12⅝	—	12⅝	9.75-9.25	8⅞-9⅛	10 1/16-10 3/16
Nine months	12⅞-12⅛	—	12¼	9.6-9.7	—	—
One year	12⅝-12¼	—	12¼	9.95-10.05	9¼-9⅛	10⅛-10¼
Two years	—	11½	—	—	—	—
Three years	—	11¾	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.610 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 13-13½ per cent. London Deposit Rates for sums at seven days' notice 7.17-7.50 per cent (net). Treasury Bills: Average tender rates of discount 12.3401 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13¼ per cent; three-six months 12¾ per cent; six-nine months 12¼ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from March 29. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 9 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 9)

Three months U.S. dollars

bid 8 15/16 — offer 9 1/16

Six months U.S. dollars

bid 9 5/8 — offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9.5
Fed funds	8 11/16
Fed funds at intervention	8 11/16

Treasury Bills

One month	7.70
Two month	7.90
Three month	8.11
Six month	8.54
One year	8.76

Treasury Bonds

Two year	100½
Three year	99½
Four year	100 11/32
Five year	100
Seven year	100 11/32
10 year	97¼
30 year	96 3/32

Company Notices

F. & C. EUROPEAN FUND S.A.

Société anonyme d'investissement
Registered Office: LUXEMBOURG, 14, rue Aldringen
Commercial Register: LUXEMBOURG Section B No 21071

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of F. & C. EUROPEAN FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on April 18th, 1985, at 12.00 hours for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of: a. the Directors b. the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the year ended October 31st 1984.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended October 31st, 1984.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Miscellaneous.

The shareholders are advised that no quorum for the statutory meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can cast votes in respect of a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of April 18th 1985, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14 rue Aldringen, Luxembourg, or with the following banks:
—BANQUE GENERALE DU LUXEMBOURG S.A., 14, rue Aldringen—LUXEMBOURG.
—WILLIAMS & GLYN'S BANK LIMITED 67, Lombard Street—LONDON EC3P 3DL.

The Board of Directors

Art Galleries

BROWSE & DARBY, 10 Cork Street, London, W.1. 01-734 7984. SIR ROBIN PHILIPSON. Recent paintings.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 9.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit $12\frac{5}{8}$ 88	150	$101\frac{5}{8}$	$102\frac{1}{8}$	$-0\frac{1}{8}$	0	11.88
Austria Rep $13\frac{5}{8}$ 92	100	108	$108\frac{1}{8}$	$-0\frac{1}{8}$	0	12.24
Bank Of Tokyo $12\frac{3}{8}$ 92	100	100	$100\frac{1}{2}$	$-0\frac{1}{8}$	$-0\frac{1}{8}$	12.54
Bank of Tokyo $13\frac{5}{8}$ 91	100	$105\frac{1}{8}$	$105\frac{5}{8}$	$-0\frac{1}{8}$	$-0\frac{1}{4}$	12.31
BP Capital $11\frac{1}{8}$ 92	150	$95\frac{5}{8}$	$96\frac{1}{8}$	$-0\frac{1}{8}$	$-0\frac{1}{8}$	12.02
Caisse Nat Tele $13\frac{3}{4}$ 91	100	$105\frac{3}{4}$	$106\frac{1}{4}$	$+0\frac{1}{8}$	$+0\frac{1}{4}$	12.28
Canada $11\frac{1}{2}$ 90	500	$99\frac{3}{4}$	$100\frac{1}{4}$	–	–	11.49
Canadian Pac $12\frac{1}{2}$ 99	75	$102\frac{1}{8}$	$102\frac{5}{8}$	0	0	12.12
CBS Inc $11\frac{3}{8}$ 92	100	$96\frac{5}{8}$	$97\frac{1}{8}$	$-0\frac{1}{8}$	0	11.99
Chevron U.S.A. $12\frac{1}{4}$ 89	600	$100\frac{1}{4}$	$100\frac{3}{4}$	$-0\frac{1}{8}$	$-0\frac{1}{8}$	12.05
Coca Cola $11\frac{3}{4}$ 91	100	$100\frac{1}{2}$	101	–	–	11.54
[illegible]						
Weyerhaeuser $12\frac{1}{4}$ 87	150	$101\frac{1}{4}$	$101\frac{3}{4}$	0	$+0\frac{1}{8}$	11.45
World Bank $12\frac{1}{4}$ 94	150	101	$101\frac{1}{2}$	0	0	11.99
World Bank $12\frac{7}{8}$ 94	200	$103\frac{7}{8}$	$104\frac{3}{8}$	0	$+0\frac{1}{8}$	12.08

Average price change On day 0 on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	$100\frac{7}{8}$	$101\frac{5}{8}$	$-0\frac{1}{4}$	$-0\frac{1}{8}$	7.82
Austria Republic $7\frac{5}{8}$ 94	200	$99\frac{7}{8}$	$100\frac{5}{8}$	0	0	7.58
Baxter Travenol $7\frac{1}{4}$ 94	200	$98\frac{1}{8}$	$98\frac{7}{8}$	$-0\frac{1}{4}$	$-0\frac{3}{8}$	7.44
Credit National $8\frac{1}{8}$ 94	200	$101\frac{7}{8}$	$102\frac{5}{8}$	0	0	7.76
Degussa Int Fin $7\frac{1}{2}$ 94	100	101	$101\frac{3}{4}$	$+0\frac{1}{8}$	$+0\frac{1}{4}$	7.28
[illegible]						

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

OVER-THE-COUNTER

Continued from Page 32

Stock		Sales (Hnds)	High	Low	Last	Chng
[illegible]						

Indices

NEW YORK DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N Y S E ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TORONTO

[illegible]

* Indicates pre-close figure

	Apr. 9	Apr. 8	Apr. 4	April 3	1984-85 High		1984-85 Low	
[illegible]								
SPAIN Madrid SE (29.12.84)	111.56	112.16	111.73	111.73	117.41	(4/2/85)	100.00	(28.12.84)
SWEDEN Jacobson & P (1.1.58)	1405.45	(c)	1400.61	1334.58	1584.5	(3.2.84)	1302.69	(22.11)
SWITZERLAND Swiss BankCpn. (31.12.58)	476.4	(c)	416.4	417.8	430.5	(13/3/85)	351.5	(25/7)
WORLD Capital Intl. (1.1.70)	—	199.90	200.50	201.60	203.3	(25/3/85)	183.2	(16.12)

** Saturday March 30: Japan Nikkei-Dow 12,590.2. TSE 999.08.

Base value of all indices are 100 except Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transport. c Closed. u Unavailable.

CAPITAL MARKETS

Cool reception for £200m Royal Bank of Scotland issue

BY PETER MONTAGNON IN LONDON

ROYAL BANK of Scotland is raising up to £200m through a floating rate note launched yesterday under the leadership of S. G. Warburg and Charterhouse Japhet.

The deal disturbed the calm of an international bond market that is only slowly coming back to life after the long Easter break. But it was not especially well received by investors and some bankers said they detected lead manager support purchases just within the 70 basis point total fees.

Apart from a general feeling of surfeit in the floating rate note market, one problem for the issue was its long, 20-year maturity. This made the margin of 1/16 per cent over three month sterling London inter-bank offered rate (Libor) seem a little tight.

The deal is split into one tranche of £100m to be issued immediately and a tap of £100m that can be issued to meet additional investor demand at any time over the next two years.

This type of structure is not uncommon in the sterling floating rate note market, where the Bank of England limits the size of individual issues to £100m, making a tap necessary for extra amounts. But the limit applies only to foreign issues, and in this case the tap was chosen to make the full amount more easily digestible.

The issue is effectively subordinated and comes within Bank of England guidelines, allowing it to be counted as secondary capital.

Also receiving a muted response yesterday was a new $115m eight-year floating rate note, for the Spanish motorway operator Autopistas del Atlantico. Led by Manufacturers Hanover and Bank of Tokyo International, this deal bears a margin of 1/16 per cent over six month Libor and is guaranteed by the Spanish Government. It is part of a refinancing package that includes a Eurocredit for a similar amount to be launched shortly.

Secondary market trading of Eurobonds was dull and trendless yesterday, leaving the two $100m, 11½ per cent issues, launched just before Easter by Credit Suisse First Boston for Union Pacific and General Reinsurance, high and dry. Dealers said the coupons on the bonds look way out of line and CSFB itself was quoting the paper at a discount of 2¾ per cent from its par issue price, though brokers were quoting an even wider discount.

BHF Bank bond average		
April 9		Previous
101.107		101.111
High	1985	Low
102.860		99.840

Such U.S. corporate names normally have considerable appeal to retail investors on the European continent, but these have retreated from the market as they are worried about a possible drop in the dollar.

That left an Ecu 70m, seven year 9¼ per cent issue at par for Credito Italiano as best performer among yesterday's crop of new issues. Led by Morgan Guaranty and Société Générale de Banque, the bond is this bank's first borrowing in the international capital markets and proceeds are to be swapped into floating rate dollars.

In the Euroyen market the coupon on Fanuc's Y20bn convertible issue was cut to 1⅞ per cent yesterday from an indicated 2 per cent because of heavy demand. The conversion premium has been set at 4.889 per cent. Also set were terms on the Y30bn issue for Sony, which is to bear a coupon of 2 per cent and conversion premium of 4.78, while the Y15bn issue for Nisshinbo has been awarded a coupon of 2½ and premium of 5 per cent but remains the least popular of the recent new convertible issues.

The coupon of Sony's $100m issue with equity warrants has also been confirmed, as indicated, at 7¾ per cent with an exercise premium of 2¼ per cent.

Elsewhere the European Investment Bank has slipped in just ahead of today's expected launch of a FFr 500m Eurobond by Gaz de France with a FFr 1bn issue in the domestic market. Led by Crédit Lyonnais, the 10-year paper bears a coupon of 11.9 per cent and issue price of 99.

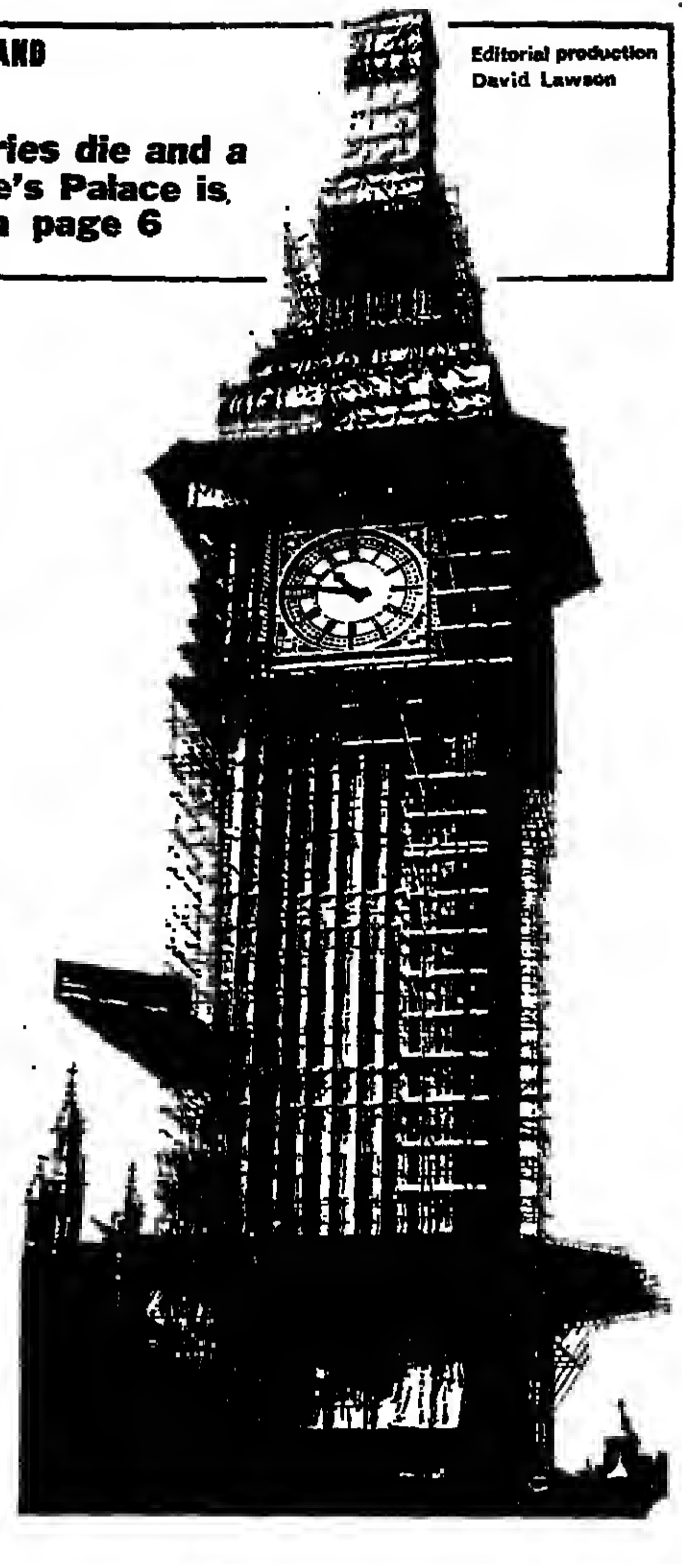
The World Bank is raising Fl 150m through a five year 7½ per cent issue priced at 99¾ per cent by lead manager Algemene Bank Nederland. Trading on German and Swiss markets was at a low ebb, but today should see the launch of a DM 100m issue for Renfe, the Spanish railways, as well as SwFr 150m for TransCanada PipeLines and a SwFr 50m bond for FGH, the Dutch mortgage company.

Stock		Sales (Hnds)	High	Low	Last	Chng
SunstFd		3	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$-\frac{1}{8}$
Sunwst	1.40	1	38	38	38	
SupRte	.19	x8	17	17	17	$-\frac{3}{4}$
[illegible]						
US Sur	.10e	473	$21\frac{3}{4}$	$21\frac{1}{2}$	$21\frac{1}{2}$	
USTrk	1.20	58	$13\frac{1}{8}$	$12\frac{7}{8}$	$12\frac{7}{8}$	
US T7	1.20	80	$27\frac{3}{4}$	$27\frac{1}{2}$	$27\frac{3}{4}$	$+\frac{1}{4}$
[illegible]						

FINANCIAL TIMES SURVEY

Editorial production David Lawson

Refurbishing



A cobweb of steel shrouds the world-famous profile of Big Ben as extensive refurbishing is carried out on the Victorian facades of the Houses of Parliament.

As new building slows, more time and money is being spent on renovation of older buildings to meet the demands of new technology and the need for greater efficiency

Countering the ravages of time

BY WILLIAM COCHRANE

DEPRECIATION in the condition and value of buildings has become a central concern to many owners and occupiers, bringing refurbishing into the mainstream of investment considerations and providing a thriving field for the construction industry.

The Centre for Advanced Land Use Studies, based at Reading, is about to start a major study on depreciation.

Refurbishing will be an important part of the study, says Mr John Leonard, the centre's director. The new work was prompted by research on information technology, which indicated rising demand in the City of London for big floor areas, implying the need for reshaping buildings.

The centre is also involved in the retail sector. It organises the International Council of Shopping Centres European conference, which in 1983 and 1984 concentrated on refurbishment.

On the industrial side, high tech and its imitators are doing their best to supplant the industrial shed, but refurb may not have such a large part to play here.

Renovation is also increasingly recognised as important in determining the worth of property assets. Mr Michael Minn, of surveyors Drivers Jonas, says in a paper The Added Value of Refurbishment that valuation of property assets has taken no account of the need to inject new capital periodically so the investment maintains its initial potential.

To an increasing extent these days fear has become one of the main inducements to refurb. Without it, and given the competition for more advanced buildings, existing property will lose value.

"The main reason for refurb is not to make money, but to stop losing it. Depreciation of property is going to blow up in our faces if we don't do something about it," Mr Leonard says.

Mr Finn adds: "Gone are the days when a 21-year, fully repairing and insuring lease with seven-year rent reviews represented a blue chip office property investment. Gone also are the days when location alone was the deciding factor in terms of lettability and rental income.

"Now the quality of the building and the cost of future refurbishments should have as much, if not more, impact on the initial yield."

Refurbishment can range from minor internal or external facelift operations to transformations of buildings. Property involved may span a wide range in terms of age, condition and location.

"Due to this complexity, we do not believe it realistic to try to develop a common method or a set of house rules which could be applied to all refurbishment projects. It is essential to analyse each project and make a response based on its own requirements and merits," Mr Ait Ozveren of the GMW architectural partnership observes.

Why refurbish rather than knock down and start again? Mr Sylvaine Reinhold, a partner of PMI, the largest independent UK firm of project managers, believes there are three real questions: "Is refurbishment cost-effective? Is it quicker? Does it provide and satisfy end products?"

"However complex a refurbishment project is in building and refurbishment terms, it is usually about half the cost of rebuilding from new. This is because the basic building fabric, sub-structure, superstructure and infrastructure are retained and do not become part of the development costs.

"It follows that a refurbishment programme must be quicker, as these elements are included in the overall time scale. The construction time is directly related to overhead costs, and is therefore a cost effective way of development."

Economics can justify schemes involving complex, innovative techniques, such as demolishing internal supporting structures to create open office space.

Sea Containers House on the south bank of the Thames in London is an example. The building was planned as an hotel but never completed. Work is now going on to chop out the structural bedroom walls and insert a steel frame, providing open office areas. The building contract comes to around £23m yet rents will be about £15 a sq ft, half the rate in the City on the opposite north bank.

Preservation too is more and more a factor encouraging refurbishment, but commercial property development, new or refurbished, will not be undertaken unless it is profitable.

Some buildings are worthy of retention while others seem to have little history and architectural style to commend them. Whatever the merits, if they are in the right place, such as the City of London, there should be enough potential in the prospective rent to justify refurbishing.

Mr Glen Honey, of surveyors Jones Lang Wootton, points out another reason for refurbishment in the City. "A lot of office buildings have higher plot ratios (proportion of floorspace) in relation to the size of the site than you would get under existing legislation," he says.

Mr Neil Holmes, also of JLW, adds that office tenants in London are more ready to accept Victorian or Georgian buildings. "They have a presence."

"In the provinces there is greater resistance. Tenants want a 1980s image and will pay for it," he says.

Another factor is that rents are lower outside the south-east so office refurbishment is often uneconomic.

This geographic argument carries much less weight in retailing. Refurbishing tends to be concentrated on public areas of centres and costs for upgrading selling space are less than for offices.

Retailing provides further examples from the experts on why refurbishing may be an advantage — or a necessity. At the Arndale Centre in Doncaster, for instance, architects Leslie Jones are having to work around existing traders and shoppers to do their upgrading.

Shops may be trading successfully below an office building in need of drastic surgery. That limits the option to renovation because the shops have to be retained.

In both cases, another advantage of refurbishing comes out. Rental income can be maintained while work is going on in phased projects rather than facing a lengthy void during a complete rebuild.

In industrial property, the arithmetic is beginning to go the other way. Low rentals and a growing preference for high office content property is making it more economic to demolish obsolescent space and rebuild.

Mr Bill Baker of Slough Estates, which includes among its assets the 7.6m sq ft Bath Road Estate in Slough, says: "We are coming back in favour of redevelopment from the refurbishment policy we had up to a couple of years ago."

The Bath Road Estate has a lot of old stock, indicating the need for refurbishing to maximise current income. But future income requirement suggests a trend to replacement with high-tech premises.

Few renovations are simple, and some provide stiff challenges

Horrors beneath the surface

Problems

MIRA BAR-HILLEL

ONE OF the cliches of the refurbisbment business is the beautiful old building discovered to be beld together by generations of wallpaper. The image is popular because it illustrates the nub of the problem: one never knows what structural horrors may be lurking behind a respectable surface.

The problem is particularly acute in the areas where activity is greatest, the City of London and Westminster, where most buildings are listed or within conservation areas. In Westminster alone, some 8,000 buildings are listed, and this number is expected to grow to more than 11,000 when the GLC's Historic Buildings Division completes a review this year.

Demolishing

In the City contractors' problems often begin even before that first layer of wallpaper is removed. For instantly archaeologists have become almost e part of the construction team.

Normally, digging takes place between demolition and construction. But when Trollope & Colls (City) were appointed management contractors of the £1.8m redevelopment of 27-30 Lime Street they decided that the Museum of London team would move in once the main frame and ground floor had been erected, so building work could go on above while the digging continued in comparative safety below.

Further challenges followed. Retaining the facade while demolishing tha back was not made easier by the City Council's prohibition on the use of external gantry support. T & C had to design a temporary steel frame supported on temporary piled foundations.

Access was available only from ground floor level, so a tripod rig had to be installed to carry out piling through the basement. Once the casings bad been sunk, the steel joists were lowered into place, the piles concreted and the braced frame erected.

Additional extensive underpinning was also required to prevent the facade collapsing while the basement retaining walls and sub-basement were erected. The severe restrictions on sita meant demolition, bad to be done by hand. Sinking the 32 piles for the permanent steel frame was additionally hampered by the temporary support. The main frame had to be threaded through and constructed around the temporary one.

This case, where the building was rebuilt with only the facade remaining is typical of one extreme of refurbishment. It does, however, share common problems with less comprehensive jobs—the main one being waste disposal. A first-floor gantry spanning Lime Street, removed the waste, which was stored until convenient to pass it by chute into lorries in the road. The lorries could come and go only within permitted periods—another big headache for City contractors.

● Queens House, Leicester Square, is a Victorian wonder—a seven-storey structure with ornate facade and no foundations. When Wimpey took on the £3.7m refurbishment the site agent marvelled that it had survived the blitz.

The more he investigated, the more be marvelled. Built in 1897 as the Queen's Hotel, it changed in 1936 to a warren of offices above and an ever-changing series of cinemas and shops below. This played havoc with the stone facade, which according to the laws of physics should not still be standing.

Nearly 150 piles were bored 18 metres into the London clay and the adjacent cinema's foundations were underpinned by hand to a depth of eight metres. Four cast iron columns which were part of the original structure had to be propped, then inched from under the main spine walls to be replaced by a steel and concrete structure.

Altered

The facade was in remarkably good condition and sandblasting was all that was needed to remove a century's grime.

● During a High Street shop conversion in Brixton, the tenant backed out of taking 14,000 sq ft when the work was half finished. The developer, unable to find a replacement, decided to form a covared market instead—to be ready by the same target date.

Building surveyors Watts & Partners faced quite a problem. The 1920s shop front had to be altered and the two floors linked by an open well to give a market feel. Stalls selling hot food were planned so public toilets were suddenly needed with mechanical ventilation. Fire sprinklers and other services had to be reworked to suit tha new use and layout.

One difficulty was taking tha extract ventilation duct up through three storeys of office tenants who did not wish to be disturbed. Mr Michael Ridley, senior project surveyor, said the problem caused much head-scratching and consultations with tha fire officer, bealth officer and district surveyor so the work could be completed on time—and there have been no claims for disruption.

● Small contractors cannot afford to turn eway work, especially residential, which has its own problems. Mr John Fellows, a manager and quantity surveyor with V French, points to twin headaches: designers are often too optimistic, and owner-occupiers too emotionally involved.

It is also often impossible to give an accurate cost estimete. This makes life difficult for owners who normally pay for the work, and sometimes cannot exceed budget. Tha contractor can end up taking the blame when things go wrong, so there is littla profit in refurbishment of old London houses.

Mr Fellows says the problem could be alleviated if owners had comprehensive structural surbeys conducted before commissioning artistic architects to create dream homes.

● Problems can also plague those who care for great country houses. For instance, faults in the ceiling of the picture gallery at Corsham Court in Wiltshire, home of the Methuen family, were not suspected until a 12 ft section crashed down.

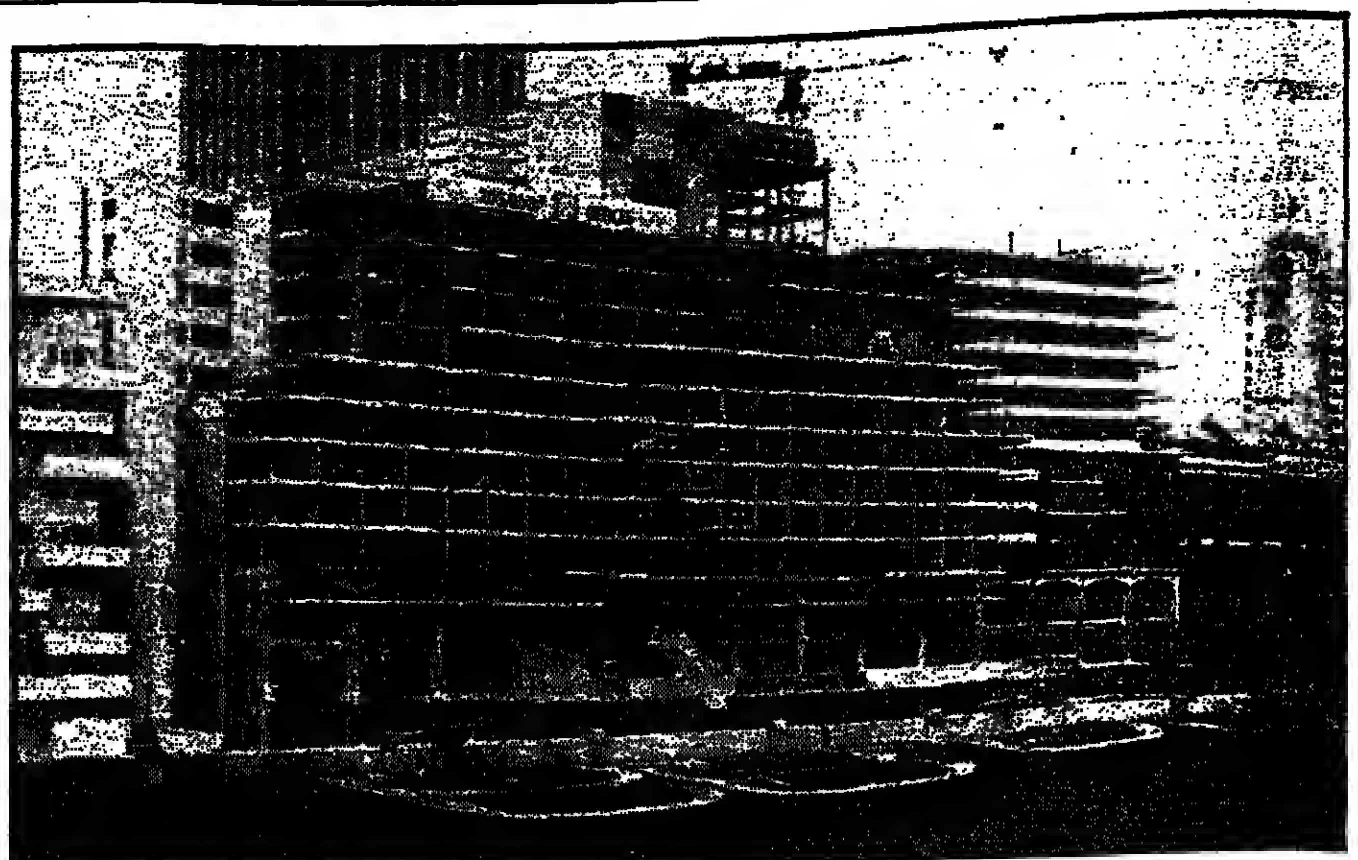
Architects Fielden and Mawson and their contractors Lovell Special Works erected a complex support for the remainder of the historic ceiling while investigating the fall and identifying the culprit—death watch beetle in the plaster laths of the 17th century beams.

The gallery was designed by Capability Brown in 1760 using seven unconventional composite oak beams nearly 29 ft long. In 1916 two beams cracked, and a temporary repair was done. Fielder and Mowson decided to improve the structure with 1980s technology.

Beetla infestation was found to have spread to window frames and the ends of some roof trusses. Another discovery typical of historic homes, found some window frames were only partly supported with internal brickwork.

The architects' first proposal, to replace timber beams with steel, fell foul of the grant-making authority on historic grounds—yet another common obstacle. The method finally agreed involves undercutting sections of the thick perimeter walls so that steel stools could be set on concrete pad stones on which the ends of the 14 steel beams rest. These were secured to the original beams via a grid of steels and yokes. Overall, some 14 tonnes of steel and a tonne of bolts were hoisted in through the window.

One of the worst problems of stately home refurbishment is that it is never self-financing. Land had to be sold to pay for the 18-month Corsham Count project.



Sea Containers House, an unfinished hotel block which has dominated the south bank of the Thames next to London's Blackfriars Bridge since the late 1970s, is being transformed into 300,000 sq ft of open-plan offices through the removal of bedroom walls which held up the building and the gradual insertion of a steel frame.

The £23m scheme, overseen by Project Management International, also involves flattening out the formerly sloping face, stripping off balconies, adding two floors and rebuilding structural lift shafts.

With all this expense, Sea Containers still expects rents of about £15 a sq ft, half the rate of the City on the north bank. A substantial letting has already been made to BIS, the computer company.

David Lawson

Fragmentation holds back change and development

Materials

CHRISTOPHER MANSELL

PRE-WAR buildings were designed to last up to 100 years and more, but today 25 years is an acceptabla life. Shorter life spans have created a dominant need in the materials market for flexibility.

The construction industry is so fragmented, however, that change and development of materials is held back. The traditions of the labour market and of manufacture have meant that the UK market has been slow to respond.

Take, for example, the simple window. The British tradition was for a manufacturer to supply a frame, opening sash and hinges to supply the site. The contractor added glass, weather stripping and operating gear. According to Mr Anthony Hill, head of the Property Services Agency's product quality unit: "The concept of the full window assembly was never thought about."

In the mid-1960s, the development of the aluminium window led to the supply of complete sets but with unsuitable fittings.

These practices led to heavy import penetration, particularly by West German manufacturers, who started with an operating system around which was built double or treble glazing, high performance weather sealing, corrosion protection and adjustable fixing bolts.

The final persuader for British manufacturers after 10 to 15 years of cajoling from the PSA and other clients, was tha invasion of PVC windows, also from Germany, where the PVC market had reached saturation in the late 1970s.

Nevertheless, Mr Hill says that at last year's Interbuild exhibition be counted over 30 German PVC window stands and about three UK ones.

Deterioration

The impetus for such developments, bowever, comes from a number of sources. Mr Graham Love, of surveyors Jones Lang Wootton, says there has been "a revolution in expectations" since the war. This was matched by a deskilling of construction labour, which created demand for more easily installed products. Recession in the construction industry also boosted the search for added value in materials.

Brokers Savory Milln say: "Purchaser awareness of standards and expectation of finish have been enormously lifted by the growth of consumerism . . . and the growing surplus of existing homes over households."

Mr Love points out the demand for refurbishment comes less in the commercial and industrial market from physical deterioration than from the accelerated rate of obsolescence of space. Buildings from the 1960s are ripe for refurbishment because of increased demand for services like air conditioning, compnter rooms, advanced telephone exchanges and the attendant wiring, and the call for more temperate climates.

But the choice of materials used is conditioned by their cost-effectiveness — landlords want a bealthy return. Therefore, there is e requirement for factory-made products. Natural slate on roofs gives way to a concrete or asbestos-based product; asbestos for lagging is replaced by glass fibre minerals.

At the same time as obsolescence has affected buildings, refurbishment itself requires the elimination of maintenance, as far as is practicable.

Roofing, felt-based on asbestos or leed for example, was susceptible to temperature change and its elasticity was nominal, giving it a life-span of only about 15 years. Henco, bitumen polymer materials were developed.

Much refurbishment work relates to the need for both heat and sound insulation. Once windows have been replaced with double or secondary glazing, for instance, there is an ability to control internal environments but air conditioning creates a need for suspended ceilings to carry ducting and mineral fibres heve been developed as a lightweight load-bearing material.

Composita materials have also become more prevalent, where industrial roofing combines in a sandwich—a top sheet, insulating material and a bottom sheet. Internally, similar sandwich materials are used for partitioning, combining an integral vapour barrier, insulation and finishes.

Engineering

Some materials have changed to cope with the inadequacies of building systems. Tha aluminium sheeting roof came into favour because it required fewer joints than flat asbestos roofs which were prone to leaking. Tha discovery of how to fuse plastic powder into coatings has led to nylon-coated ironmongery and balustrading that is cheaper and cuts out on-site operations.

Claddings are another example of the way that refurbishment has turned from a craft-based industry to one that is technology based; more akin to an engineering exercise. Here profiled, very thin aluminium sheeting with a factory finish is often used for plant rooms on roofs, a demand created by air conditioning.

Other materials have made a comeback. Under the London Building Acts, chipboard was designated inadequate, because dampness made it swell and lose strength. Now proprietary makes have been introduced and these will bear loads in jacked platform floors.

"It is only with the benefit of hindsight that materials fall by the wayside," says Mr Love. "There are no prototypes. Investors are looking for tried and tested building."

In some repair functions, for instance, concrete and cement mediums have been replaced by fibreglass, fibrous plasters and glass-reinforced cement. This is because of the ebility to mould and form them, and evolved out of the lack of traditional crafts.

Often, changes in materials and products are not technology-driven. "A lot of buildings put up 15 or 20 yeers ago," says Tony Denison, managing director of The Centre for Construction Market Information, "have reached the stage where equipment needs replacing. All parts of the industry are beginning to look at replacement."

In the South-East of England, it is estimated that 40 per cent of central beating installations hava reecbed the end of their lives. Central heating was one of the great stimuli in refurbishment in the housing market.

The market grew in the late 1950s as a result of developments in boiler and radiator technology, and as fuel suppliers tried to find new outlets for oil and gas discoveries and the coal industry.

Central heating immediately begged the question of insulation, but it was not until the spur of the miners' strike and the fuel crisis in 1974 that both Government and householders began to take the question of energy conservation seriously. Even then markets were slow in developing. In 1978 the Government set aside £25m for loft insulation of which only £14m was claimed.

Cavity wall insulation was another result of the fuel crisis. In the early 1960s it had been regarded as a tool to deal with condensation and more often than not used formaldehyde foam which was manufactured and injected on site.

In 1975 the market nearly ground to a halt as it was discovered that filling cavity walls contravened the Building Regulations, and there were doubts about the toxic effects of foam.

Scarcity

Since then, a market has developed for mineral fibres, which are dry and manufactured in factories, giving better quality control. In the past few years expanded polystyrena beads have entered the market.

The trick in the refurbishment materials market has, according to Mr Love, been "to find ways of overcoming nature's problems of cost, scarcity and workability."

Tha move to new technologies has been forced not so much by the advance of the technologies themselves, but by the need for cost-effectiveness.

If prefabricated products are the order of the day and if dry construction is superseding wet work, it is because of the need for speed of construction. Thus matarials move further down the line towards tha factory, and the further the industry goes down that road, the more difficult it is to turn back.

Major surgery for a sad inheritance

Offices

DAVID LAWSON

RENOVATION of office buildings is not a new phenomenon. The construction industry has enjoyed a steady business over the years altering and repairing the large number of office premises which date from pre-war times back to the Georgian era in Britain's town centres.

In the last decade, however, the amount and the nature of this work have changed radically, turning a relative fringe activity into a core concern for the construction and property industries.

Several broad factors have brought about these changes. Firstly, the amount of new building work has declined, making the renovation sector relatively more important. It is difficult to gain an accurate picture as official figures are amalgamated into a general total for repair, maintenance, renewal and improvement for all private non-housing output, but this global sum grew from about £1bn a year in the mid-1970s to about £1.5bn in 1984.

This change came partly from economic recession and partly through a tougher line by planners and conservation groups against demolition and rebuilding. Existing buildings had to be remodelled if they could not be rebuilt, which led away from just tinkering with premises towards complete *gutting and reshaping.*

At the same time, fundamental changes were taking place in the property market which led both landlords and owner-occupiers to seek substantial alterations in their buildings. The electronic office, with all its cabling and ventilation needs, could not usually be accommodated in repaired old buildings. Major surgery was needed to create efficient and lettable premises.

The recession also meant weaker demand for space, so landlords had to create better standards to entice tenants and strengthen rent values in competition with newer buildings. Intensive management of buildings in this way had become the norm by the 1980s.

Mr Michael Warner, of surveyors Richard Ellis, compares this attitude with the boom years of the 1960s when developers showed little concern for building quality in the face of uncritical tenants. "This has bequeathed us a sad inheritance," he says.

Many of the familiar blocks built at this time are already obsolescent, victims of poor materials, bad building techniques and inadequate servicing. These could be ignored by landlords when tenants were tied into long leases requiring them to pay for repairs and find someone else to take the space if they left. But many of these leases are now ending.

Many buildings have no historic value but other factors can come into play in favour of refurbishing. Some might not be granted planning permission for the same use if rebuilt, and many would not be allowed to squeeze the same amount of lettable space on to the site. Phased renovation can also offer landlords a continuous income if work can go on around tenants.

Paramount

Cost is not always the most important factor weighing in favour of refurbishing however, says Mr Ted Watts, head of building surveyors Watts & Partners. A good environment—particularly for the huge proportion of owner-occupiers—is often more important.

"Refurbishment is not always a second-best choice. People grow into buildings. When they no longer quite work or the occupant's needs change, most people just want to improve and adapt."

For the investment sector, however, cost is paramount. Refurbishment can occasionally cost more per sq ft than new building, without the benefit of winning a new scheme's rent levels.

Refurbishing costs of between £50 and £56 a sq ft are quoted by quantity surveyors E. C. Harris on three typical central London buildings built between 1800 and 1920. But even one only 35 years old worked out at £46 a sq ft. This compares with an average £75 to £85 a sq ft for a new building.

Fitting a stripped out floor in an old building comes no cheaper than a new one, however. The cost index produced by Space Planing Services puts this at about £83,600 for a typical 6,270 sq ft floor, with extras on top for reception areas, toilets, furniture and telecommunications.

Landlords recover basic fitting out costs through the rent. *This raises the hackles of many* tenants.

A particularly strong critic within the industry is Mrs Joan Aubrey Jones, chairman of space planners Organised Office Designs. "Apart from a very few honourable exceptions, speculative office refurbishments are generally cosmetic—expenditure on a sprat to catch a mackerel," she says.

Spending by developers tended to be on things which agents said were essential to attract tenants. She quoted cheap ceilings and flooring, elaborate reception areas, inflexible air-conditioning.

"Large sums are being spent on updating offices without considering eventual tenant needs," Mrs Aubrey Jones says." It is not unusual to have to strip out all the developers' finishes—ceilings, lighting and floor covering—to provide not only for the requirements of new technology, but also for basic needs like tea machines."

She feels refurbishments should provide basic needs for the electronic office—such as uniform cable grid, low-energy lighting which avoids glare on video units—or premises should be left in existing conditions to await the incoming tenant who knows his needs.

Watts and Partners back that stance with the suggestion that buildings should be made structurally sound then fitted to a particular tenant's requirements.

There have been moves towards this "shell standard" development, but as Mr Warner of Richard Ellis points out, many tenants cannot judge a property unless they see it finished.

Developers are generally left in great difficulty deciding the level of services they should provide, particularly when technology is changing so fast. A couple of years ago raised floors were considered essential to provide for electronic cabling and this sometimes ruled out viable refurbishing because of extra costs or sheer lack of space. Now flat wire cabling laid beneath carpets is becoming possible.

This mental juggling extends to all the various parts of buildings which age at different rates and require replacing separately rather than in one big refurbishment. Lifts, for instance, can have a life as short as five to 10 years, boilers 10 to 15 years and curtain walling 20 to 25 years, Mr Warner says.

Owners and occupiers are learning from the intensive study of refurbishing that they must time their leases and work programmes carefully in the light of these future outgoings. "Life-cycle costing" has become a catch phrase, covering not only today's running costs but future capital liabilities.

Builders and developers should also be learning from this process of decanting new wine into renovated bottles that buildings have to be designed with the expectation of refurbishment within the medium term. There are still nagging doubts that today's refurbishments are not following this rule and before long they will be as obsolescent as the glass towers and Victorian piles of the past.

▲ ABOVE

LARGE strongrooms and vaults are often no longer required in modern banks, so where older buildings are being renovated new uses may have to be found for the space.

This is particularly prevalent in the City of London, where banks are congregated and refurbishment common because of planning restrictions on development. For example, the oldest bank premises in the City, 68 Lombard Street, is being rebuilt by Higgs and Hill and architects Whinney Mackay-Lewis for Banque Paribas.

The strongrooms have been transformed into offices and dining rooms overlooking an atrium in the heart of the building. An internal gallery will run around a courtyard open from ground to second floor. Stone cladding, glazed screens and an artificial sky aim to create a quiet, restful atmosphere.

William Cochrane

Some essential considerations

THE chairman of developers Teesland, Mr Martin Cohen, provides some essential considerations for shopping centre refurbishing.

Early introduction of a centre manager with good administrative experience.

Where economically feasible, plans should be made to provide cover and protection for shoppers.

Upgraded finishes, new design concepts, modern small furniture and landscaping—providing an identity for the centre—plus ventilation and heating, if not air conditioning.

Consideration of main pedestrian flows, which may mean relocation of tenants, and an invitation to big retailers to upgrade stores.

Substantial breaks in shop fronts should be masked with showcases or other features. Extensive frontages should be broken by installation of new shop fronts.

Public participation, such as competitions for children, promotion of group activities and special promotions for holidays.

Eating and leisure facilities: "The longer people stay within the centre, the greater the prospect of increasing their spending."

Standardisation of leases, and flexibility on letting terms and opening hours.

Modern car park designs.

The disabled must be accommodated. Ramps, lifts and other means of entry and exit should be incorporated, as should floor finishes and gradients consistent with special requirements.

Reshaping gathers pace

Shopping

WILLIAM COCHRANE

RETAIL refurbishment burst on the European development scene two years ago like a bright light in a murky world. Town centre development was almost saturated while out-of-town shopping—in the UK at least—was more or less a fragmented appendage to the industrial market.

Last year refurbishing was the theme of the International Council of Shopping Centres European conference in West Berlin, although joint ownership and restrictive tenancy agreements had made progress hard to achieve.

This year, however, the idea is beginning to gather pace. Landlords are starting to see that under a fairly liberal central government planning stance on new development, they have to improve their investments or lose trade, rental growth and value.

Architects Leslie Jones and Partners are involved in eight retail refurbishment projects. Three are under way: the Doncaster Arndale Centre, for Prudential Assurance; Maidenhead Shopping Centre, for County and District Properties; and the High Chelmer scheme, at Chelmsford, for CIN Properties. A minor refurbishment at Margate has just received planning permission and four more are in the planning stage.

Mr Paul Stickney, of Leslie Jones, says there is a defensive quality about the Chelmsford job. At the southern end of the town centre there are competitive proposals for a new centre from Sainsbury and Crudens, and a new road link to this centre would remove the locational edge which High Chelmer has enjoyed.

Hillier Parker, acting for CIN, say the existing scheme is typical of the 1960s style and that the environment is not of a high standard when compared with more recent schemes. The malls are open or canopied in parts, and elsewhere there is simple glazed covering.

Hints on retail renovation from Mr Stickney include:

● Timing: "You ought to have your refurbishment completed 18 months before rent review, so you can prove that trading has improved and adjust your rents accordingly."

● Minimum standards: "There was a lot of pressure a few years ago from planning authorities to design closed centres. This is changing. People are accepting covered centres with the reintroduction of natural lighting."

● Comfort: "Adequate car parking, and an improvement *on the concrete paving slabs,* concrete benches and minimal planting of the past." However, air conditioning is virtually out.

"Comfort heating in winter and good ventilation in summer is the general rule," he says.

The Prudential is working on centres at Doncaster and Uxbridge in West London.

Uxbridge is open, ugly, short of depth in a lot of shopping units and deficient on access from one of the two car parks. The Prudential funded the original scheme, developed in the early 1970s by Hillingdon Borough Council and Town & City Properties.

The centre is short of conventional anchor tenants and will have to create its own excitement. The Prudential is meeting the problem head on with its own development group heading the project team, advised by Fitch & Company as architects and David J. Peek Associates (part of the Fitch Shopping Consortium) as management consultants.

At Oxford, a concentrated, traditional town with central shopping restricted to its confined location, the Arrowcroft group is on its way towards a *dominant position.*

Last autumn it completed the 130,000 sq ft of shopping in its £40m Clarendon Centre, which also incorporates around 30,000 sq ft of offices. Mr Leonard Eppel, chairman, says the skill in this development was seen in a six months' period in which the company had to acquire something like 20 land interests, agree funding terms, and design the scheme.

The L-shaped development linking Queen Street to Cornmarket was not exactly new build, says Mr Eppel. "Most was on existing shop property, particularly the old Littlewoods department store. We moved them into the Woolworth's building, which we contracted to purchase, and subdivided the original store."

Arrowcroft has won the nearby Westgate Centre against fierce competition from funds and other developers. Westgate, opened in 1971 and designed in the 1960s, looks its age. It is proposed to upgrade and enclose the property, and make additions which could include a new department store.

Mr Eppel says: "Here we have a city where people have seen our standards, liked them and asked us to come in and do some more."

Need for cuts in red tape

Housing

COLIN AMERY

OVER THE past 10 years or so there has been a msrked decline in the amount of repair work to Britain's ageing bousing stock. This has meant that only three-quarters of dwellings are in a satisfactory habitable condition, and of the remaining some 6 per cent are in serious disrepair, according to the 1981 English bouse condition survey.

The need for refurbishment is widespread and urgent, with particular priority for inner cities.

It is not just decaying 19th century stock that needs work done however. A considerable quantity of more recent public housing it considered uninhabitable by many tenants.

Refurbishing is a vogue word for wbat architects used to call conversion work. With the decline of new-build it now forms a significant part of the workload of most practices. But it has taken the contracting industry and the professions s long while to come to terms witb the idea that refurbishment is big business.

Residential refurbishment has taken many forms. The infiuence of preservation groups and the political acceptance of conservation bas meant much refurbishment consists of the repair and reuse of historic buildings. Anything from a cburch to a riverside warehouse can be turned into a home and still be a financially viable proposition.

The elaborate network of grants and the growth of bistoric buildings trusts has encoursged the restoration of listed buildings.

Mortgages are still hard to come by on older buildings, however, and it is surprising that some sort of beritage funding to help buy listed buildings has not emerged.

But more funds are becoming available for the rehabilitation of the inner cities, and Mr Michael Heseltine, the former Environment Secretary, was successful in his encouragement of private developers and building societies to fund the refurbishment. This is a growth area for the professions and for schemes that promise to restore the cities and utilise the unemployed.

Methods of funding public housing are a labyrinth. The Government gives local authorities an annual housing budget calculated partly on need and partly on political expediency. Local authorities can spend this more or less as they like providing their proposals have to offer value for money.

This seems to mean that a refurbished house can be sold for more than it cost. But market values depend on the congfidence that can he built up in an area as a whole—which is wby the best rehab scbemes cover groups of houses.

Crucial to the widening of the housing rehabilitation net is the rola of housing associations. They are funded by the Government through the Housing Corporation and sometimes through local authorities. Annual bidding for funds ensures fierce competition when funds are low.

Schemes have to be approved at the level of sketch designs by the Housing Corporation. Often architects and housing co-ops follow the procedures set out in the Housing Corporation's "bible," The Schemework Procednre Guide for Rehabilitation. Certain housing associations reach the point where their practice is considered to be so good by the corporation that their work goes ahead without so much red tape.

How are bousing standards maintained in the new and competitive world of refurbishment? The demise of tha officially sanctioned standards for public bousing in the Parker Morris Report of 1961 means that the field is much more open. A lster government report Space in the Home (1967) was an attempt to set out minimum standards. Official standards can be both too generous and too restrictive.

It is important in tha present competitive world to allow for social changes and flexibility of demand. There is great need for more single person accommodation. If it is not necessary always to apply spaca stsndards, refurbishments can be designed to sllow for the interesting historical features of older bouses. High rooms can accommodate gallery spaces, for example, and allow for an arcbitecturally more satisfactory space.

It is often not realised how mnch tbe by-laws, health Acts, building regulations and statutory instruments control the shape of conversion. To re-use older buildings demands a much more flexible approach.

It would be a mistake to imagine that the residentisl market consisted of aversge families wanting to live in ldsntical accommodation. There are several groups that have special needs—the elderly (a growing market), the dissbled, the single and people looking for new forms of community life. When these gronps are aligned with ths buildings that need refurbishing it is possible to sse tbat the variety of groups and needs fits the wide mixture of buildings available.

To facilitate sdequate and desirable refurbishment there is still a need for fewer bureaucratic controls and a grester sense of participation in tbe decision making thst will determine the future of our bousing environment.


New Concordia Wharf: a warehouse transformed into homes.

LEA VIEW HOUSE

BY COLIN AMERY

Residents help transformation

LEA VIEW FLATS, in Hackney, is a typical series of east London blocks that has been refurbished by the architects Hunt Thompson Associates so that it is more suitable for families of the elderly and the disabled. Two U-shaped blocks surround an inner courtyard and a community hall.

The flats are brick-built, five-storey blocks — typical of their date, and before refurbishment they had become very run down. There were no lifts and the mixture of family flats and single person bed-sits was a poor use of the space.

The architects have made a point of having their office on the site throughout the conversion so tenants can discuss their needs with the designers. This has led to a daily "surgery" with the architects and has produced significant changes in the scheme.

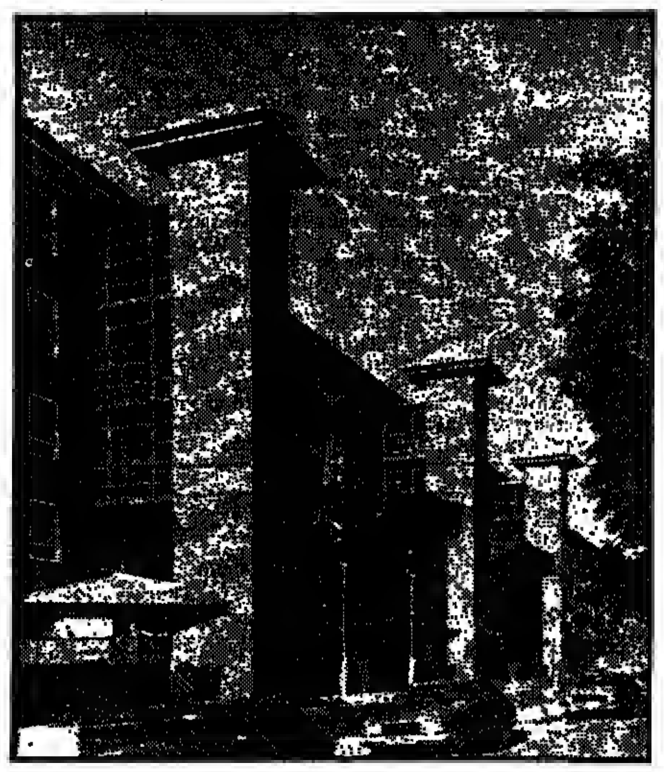
The scheme will produce 184 flats and 64 maisonettes. Remarkably, most families will be living on tha ground floor with their own access and gardens. New lifts make the top floors more accessible for the elderly while one side of the scheme has ramps to the first floor for young families.

"Mobility flats" are provided for wheelchair users and there are two types of sheltered bousing for the old and the frail, including a warden.

Rearrangement of space in the blocks has provided more satisfactory family homes. Maisonettes have their own internal staircases and small ontside patio gardens.

The car-clogged central courtyard is now a communal garden with plenty of trees.

This sort of refurbishment is cheaper than new building and in this case has been achieved successfully with the collaboration of ths tenants.


Lea View House: typical east London blocks

NEW CONCORDIA WHARF

Catalyst for river bank revival

THE CLOSURE of London Docks snd the abandonment of large Victorian warehouses left acres of potential housing space on the edge of the east side of London. Since the early 1970s several have been converted into homes—somo more successfully than others.

The problem with the average Thames-side warehouse is that not all the rooms face the river and the buildings are often so deep that it is difficult to light the darker recesses.

One of the more suitable schemes is New Concordia Wharf in Bermondsey. This was bought in 1980 by Mr Andrew Wadsworth, the developer, sfter a year of talks with the owners, Town & City Properties.

Southwark Council gave consent for 60 flats, 20,000 sq ft of worksbop/studio space, 3,000 sq ft of offices, a swimming pool, restaurant and sports fscilities.

The grain warebouse, built in 1885, is listed Grade II and has been sympathetically restored by architects Pollsrd Thomas Edwards. Balconies have been added in front of what were the loading doors snd they fit in well, looking sligbtly marine. New windows bave brick arebes and glazing bars matching existing ones. A splendid but dangerous columnar cbimney has been restored with the aid of an historic building grant.

It was necessary to secure fire protection for the cast iron structural columns—by spraying with intumescent mastic. Walls have been sandblasted and joists, beams and brick walls retained. Fire and sound insulation was created by pouring reinforced concrete over tbe floorboards.

Units have been offered or sold as shells for between £95,000 and £125,000. Unususl thougb it is to provide only sbells, the project has been a sell-out and a catalyst for other developments.

A newly-formed consortium of Conran Roche, Jacob Rothschild and Alistair McAlpine have plans for the neighbouring Butler's Wharf site, almost 12 acres of mixed development.

Meanwhile, Wadsworth's Jacob's Island Company has acquired the Courage Brewery site by Tower Bridge. Mixed development is planned and residential accommodation that will be sold as shells.

In a matter of a few years the enterprise of one young developer will have brought new residential as well as commercial life to a large slice of Thames-side London.

Colin Amery

COUNTRY HOUSES

Change in way of life

LARGE conntry houses are a species of building frequently at risk. During the war many were requisitioned as bospitals or troop centres and survived only as damaged versions of their former selves. Meanwhile, the way of life they represented was gone.

There is a trend today towards division of these large bouses into smaller units for sale. One successful architect, Mr Kit Martin, has specialised in this kind of work with his partner Mr Bob Weighton.

Cullen House in Banffshire, the former seat of the Earls of Seafield, dating from the 13th-century but mostly from the 1600s, has become 15 residences. A series of tower houses occupy the magnificent main pile and the service courtyard has become several cottages.

Gunton Hall, Norfolk, a house by Matthew Brettingham with an elaborate service wing of the 1780s by Wyatt is now 20 houses almost all sold for between £30,000 to £125,000.

This great bouse had been partially ruined and so it was easier to divide. The service wing is composed of estate offices, game larders, and stables and these all make unusual individual houses.

Mr Martin always tries to preserve the major rooms in his refurbishments and to divide the houses vertically so that the least damage is done. He also tries to give everyone a bit of garden outside their own house.

His schemes also seem to generate a sense of community not unlike the original country house life—we tend to forget that these great houses were often full of people.

To turn couotry houses into homes is a mucb more agreeable snd sensible use than the conversion of them into offices.

Colin Amery


Cullen House, Banffshire: country seat converted to 15 homes

Risks deter private funders

Leisure

ALASTAIR GUILD

MANY OLDER inner city buildings lend themselves to re-use for leisure and tourism. The British Waterways Board, for instance, is marketing 470 listed buildings which were formerly warehouses, toll houses and stables that could make museums, pubs, clubs or centres for hire boats.

One of BWB'e most extensive schemes is the upgrading of Gloucester Docks where it is attracting some interest from private developers. This follows the decision of the city council to relocate its civic centre there and a study which estimated that 250,000 people would visit the waterways museum proposed for a former warehouse.

Decaying

"The only way the board can carry through such schemes is by involving the private sector," says Mr Peter Gerold, its director of estates. However, he points to the difficulties in attracting large institutional funds to these projects because of the risks.

Ms Jenny Freeman of the Victorian Society says. "Historic buildings of real potential so often miss out on institutional funding because they are expected to conform with strictly limited financial criteria laid down with prime developments in mind.

"Institutions are being encouraged to take an interest in inner city schemes and this may result in a greater flow of funds to decaying areas. But there have been few co-ordinated large projects.

"One exception is Commercial Union's venture with Greater Manchester Council to convert Central Station to an exhibition centre and indoor sports arena, and the adjoining Great Northern warehouse into a hotel."

A variety of funds are being attracted to historic building conversion and refurbishment by the Scottish Development Agency's incentives. One exampla is the Briggait fish market project in Glasgow. *Another is a redevelopment* of warehouses in the city which will provide a mix of houses, offices-leisure and entertainment.

SDA help could be in the form of a low interest loan, equity participation or share capital. The purpose is to "leverage" private investment in urban areas.

In West Yorkshire, the county council hopes to attract private sector developers by opening its industrial sites budget to tourist enterprises.

Private sector developers will have access to a joint industrial and tourism development fund of nearly £3m. The council has set aside money for feasibility studies into refurbishing disused industrial sites. Most of the studies, each costing about £25,000, are on textile mills on the edges of towns and villages.

At Sowerby Bridge, for instance, a study suggested a slalom canoe centre using the network of waterways underneath en old mill.

Landscaped

Help in developing former textile mills for tourist use is being sought from the Common Market, but so far the EEC has only agreed to finance manufacturing projects.

A rompetition to encourage new ideas for disused buildings has also been held in Manchester, where about one-quarter of the city's land and buildings lie vacant. "Manchester Once More" was organised by the chamber of cormerce and industry with backing from the private and public sectors in the north-west.

Top prizes went to projects for housing and leisure, a small marina and chandlery, and a scheme for an international home design centre set in a landscaped garden centre. The organisers hope that the quality of the 200 entries will attract investment by developers.

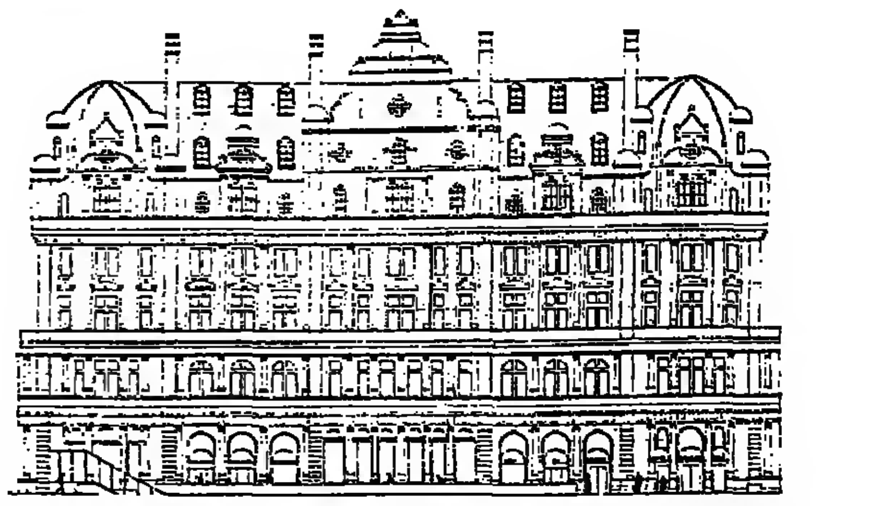
Local authorities and other organisations embarking on capital projects in the arts may be eligible for Arts Council funds to finance consultancy services. For 20 years the council also had a capital investment programme, but last year it decided to phase out capital funding whilst agreeing to meet all existing undertakings. This left it with commitments of just over £5m to be paid over four years to 72 projects.

One of the largest Housing the Arts grants—more than £200,000—is being used in a £3m project to refurbish the Cambridge *Corn Exchange* and convert it into a conference and concert hall. In Newcastle, half the £400,000 to convert a quayside warehouse into a venue for live arts and entertainment has been grant aided by the Arts Council and the Newcastle/Gateshead Inner City Partnership.

NORTH BRITISH HOTEL

BY ALASTAIR GUILD

Five-star treatment up North



The North British: Victorian elegance over a new, street-level shopping pattern.

ABOUT A dozen well-established hotels stand near Edinburgh's Castle Rock. Most have, are or will undergo varying degrees of refurbishment in efforts to raise their share of a growing tourist market.

By far the most dramatic plans are for the North British Hotel at the east end of Princes Street. It will close next summer for at least two years, losing an estimated £14m in revenue for its owners Gleneagles Hotels, while a new interior is built behind the 1902 facade at a cost of £40m.

Mr Peter Tyrie, managing director of Gleneagles, justifies such a plan by pointing to the Caledonian at the other end of Princes Street, where the group spent more than £4m on refurbishment.

"The Caledonian is running at 70 per cent capacity. Within two or three years of rompletion, we expect the same for the North British. We are aiming to attract Americans who will not travel to a destination unless five-star accommodation is available.

"We will also cater much more for the corporate and incentive markets, as increasingly companies provide travel within Europe as an incentive to their executives.

"Hotels should be far more interesting places. If you can hold the interest of guests and keep them inside the hotel, then you will succeed in attracting their money."

The key to that lies in the four basement levels, dating from the period when the complex was dependent on thousands of tons of coal delivered from the adjoining station siding. They will become a gymnasium and exercise studio, sauna baths, solarium and swimming pool, cocktail bar, night club and World of Food restaurant.

Shops will occupy much of levels two to seven, plans are for 35 shop units, five variety stores and five areas for department stores.

Rents from the shops is meant to offset much of the redevelopment costs. The shops are not intended to compete with existing outlets on Princes Street, but will include such international names as Yves St Laurent and Chanel.

Main public rooms will be on the second floor above Princes Street with reception, main restaurant and bar. A focal point will be the palm court with its waterfall. All bedrooms will be double, with lounges and private bathrooms. On the top floor they can be ronnected to provide suites with views of city skylines.

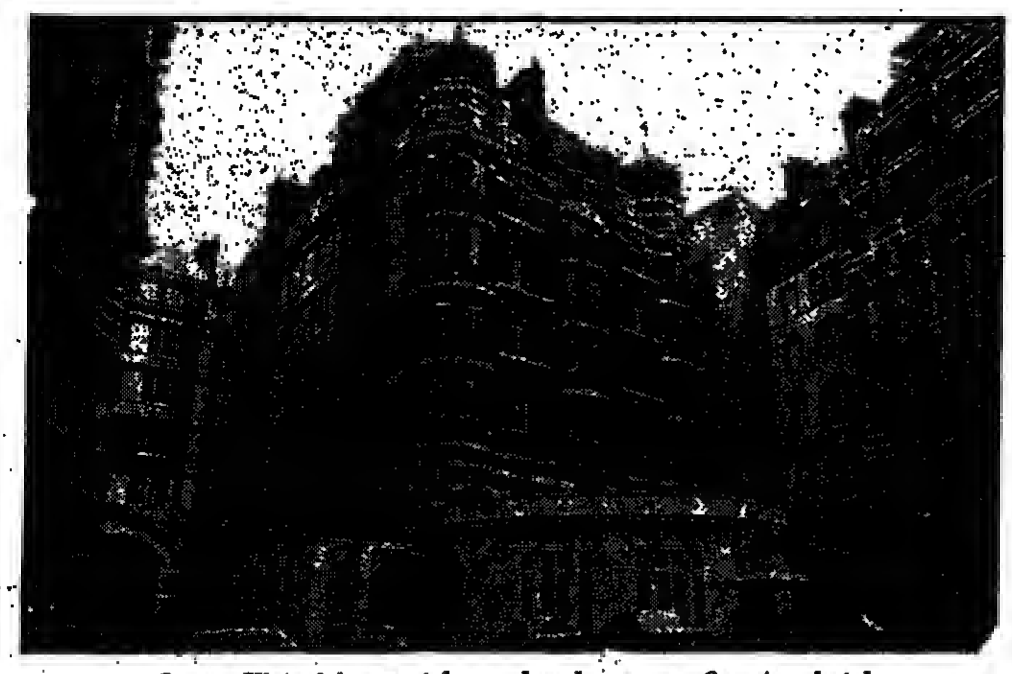
The public will have access to the lower floors from the *new Waverley Market* shopping complex. Waverley steps will be covered to form an escalator and mall link to the market and adjoining railway station.

Supply lorries will be diverted from the reception area to a bridge over the station. Three levels of car parking are planned over the railway tracks.

ST JAMES'S HOTEL

BY ALASTAIR GUILD

Restoring a touch of royal comfort



Queen Victoria's guest house has become a five-star hotel

THE St James's close to Buckingham Palace was once Queen Victoria's guest house. Then a succession of hotel chains bought it, each finding the cost of conversion prohibitive. Taj International, the present owner, also had difficulties raising the £15m needed for a complete refurbishment, so the first contract awarded to John Laing was for £6.5m.

Taj subsequently raised the additional finance and now there will be a an ambitious upgrade due for completion in July 1986.

A big part of the cost is in repairing the structure. The fabric was far more unsound than indicated by the original survey. This has meant, for example, that almost three floors of brickwork on the back of one block has had to be replaced.

"It is very difficult to bring Victorian buildings up to standard without carrying out major structural work," says Mr Chris York of John Laing.

The structure is load-bearing brickwork on spread footings with clinker breeze infill between steel joists. Water had got into the steel joists, causing them to expand and delaminate, leading to expansion of the brickwork. Defective joists are being replaced either by steel or reinforced roncrete. This is expected to cost £1.5m.

Light wells have been removed in two of the blocks to give more corridor space.

Taj is aiming for five-star standard. New build elements include the creation of a French restaurant, hotel concourse, a main entrance lobby and a first-floor banqueting hall for 150, as well as 400 guest rooms, 100 apartment and 25 suites.

The ground floor of one block will have a businessman's centre, with dining area, kitchen, meeting rooms and offices. The business centre will have its own telephone exchange, word processors, telefax, teleprinter and computers with access to databases and multilingual secretarial services. Estimated cost of the centre, including equipment, is £250,000.

A leisure centre including pools and treatment rooms is being housed on the ground and basement floors of a neighbouring block at a cost of £650,000.

The aim is to provide up-to-date facilities while restoring some of the architectural features. One brickwork frieze represents the characters from A Midsummer Night's Dream and fire escapes which obscured the figures are being removed and water pipes rerouted within shafts built into the interior.

Taj is used to handling royal properties. Rambagh Palace, once the traditional residence of Jaipur's royal family, is one of the company's showpiece hotels. Queen Victoria's guests would surely eppreciate the transformation of St James's.

Journey into space

Space planning

DAVID LAWSON

USE OF space in buildings has often tended to be haphazard and inefficient. Occupiers fitted themselves around nooks and crannies, *creating factory* production lines or laying out office desks which would stay in place for decades.

Stagnant incomes, rising rents and rates, and the demands of new technology have created new pressures for efficiency. For instance, the space taken by e wastepaper basket in the City can cost more than £50 a year, *while manufacturers of high*-tech products expect to be able to change processes overnight.

Space planners have found a wide role in refurbishing; analysing the needs of occupiers before buildings are fitted out, accommodating the likely demands of the high-tech factory or electronic office, and generally squeezing more usable space out of old buildings.

Organised Office Designs, based in London, says it has increased space by at least 20 per cent in its projects, while one company was saved £1m by the conversion of an old brewery as e *headquarters* rather than put up a new building.

Many occupiers faced with rising rents think ef relocation. But often there are hidden costs which can make a move less attractive, while existing buildings can be remodelled to meet needs, according to Space Planning Services, another London-based business.

It is handling the relocation *of Blue Circle Industries from* the 300,000 sq ft Portland House in Victoria to a new headquarters in Berkshire. Five years' effort was put into raising the standard of the 1960s block (working around staff in the building) before the decision to relocate in 1982. Since then the project has been aimed at producing a lettable property, extending *the work to sub-let floors* as tenants moved out.

"Our refurbished space has been let in a slow market where it otherwise would not have," said Mr Tony Every-Brown, Blue Circle general manager for property development.

Vacant space flood sets new challenge

THE DECLINE of traditional industry is the main cause of the large amounts of vacant factory space in the UK. The switch from heavy manufacturing industries that thrived in the 19th century to more streamlined high-tech industries of the 1980s has meant a big change in the sort of plant that is needed: a main cause for the 160m sq ft of empty industry and warehousing in the country.

Several elementary factors influence the shape of factories and impose demands on any kind of refurbishment. New engineering techniques require horizontal rather than vertical flow lines in the production process so single-storey industrial buildings are needed rather than the multi-storey mills of the past.

The density of industrial sites is also lower because of the need for generous car parking space and large turning circles for heavy goods vehicles. Some of the more advanced business parks also provide landscaping.

Changes in industrial location have meant the decline of the older industrial centres accompanied by the growth of the science park and rural manufacturing areas.

This means the older industrial areas have most redundant industrial buildings. Those suffering from the decline of shipbuilding, steel production and textile industries are particularly hard hit and are likely to be eligible for finanical aid from the "non-quota" section of the European Regional Aid Fund for refurbishment. But viability of refurbishing often has more to do with location than with quality. With old buildings concentrated in more depressed areas, rents are often too low to justify conversion. Overall tenant demand is usually lower than in regions like the south-east.

There are honourable exceptions, however, such as Dean Clough, the former Crossley Carpets headquarters in Halifax, where more than 1m sq ft of Victorian mill has been converted into space for 100 small businesses at rents of about £1 a sq ft.

The changing industrial structure means that new industries need special services, trained

Industry

COLIN AMERY

staff and often carefully controlled environments — for example, dust-free premises for the manufacture of the microchip.

Growth of service-oriented business has shifted demand towards flexible premises. Employment is growing in health care, electronics, telecommunications, energy and transportation industries.

Industries based on information technology seem to cut across many traditional boundaries, however, because they manufacture a product—such as film, video, software, data and publishing—but demand highly serviced locations. These are the sort of tenants for inner city and refurbished industrial space.

Demands that apply to the refurbishment of the average defunct industrial building include:

- Better access and car parking.
- Improved ventilation, heating and sometimes air-conditioning.
- Mezzanine floors to utilise large spaces. It is often necessary to sub-divide larger older buildings to provide a series of independent smaller units.
- Inter-war and post-war premises need considerable upgrading. Recladding, new roofs and provision of services are the principal needs.
- The need for a fire certificate and meeting planning requirements impose another set of demands.
- It is also important to improve the industrial image. This means recognising the best architectural features of an older building, emphasising them and perhaps upgrading the landscaping.
- The workforce, too, usually demands much better basic conditions and facilities.

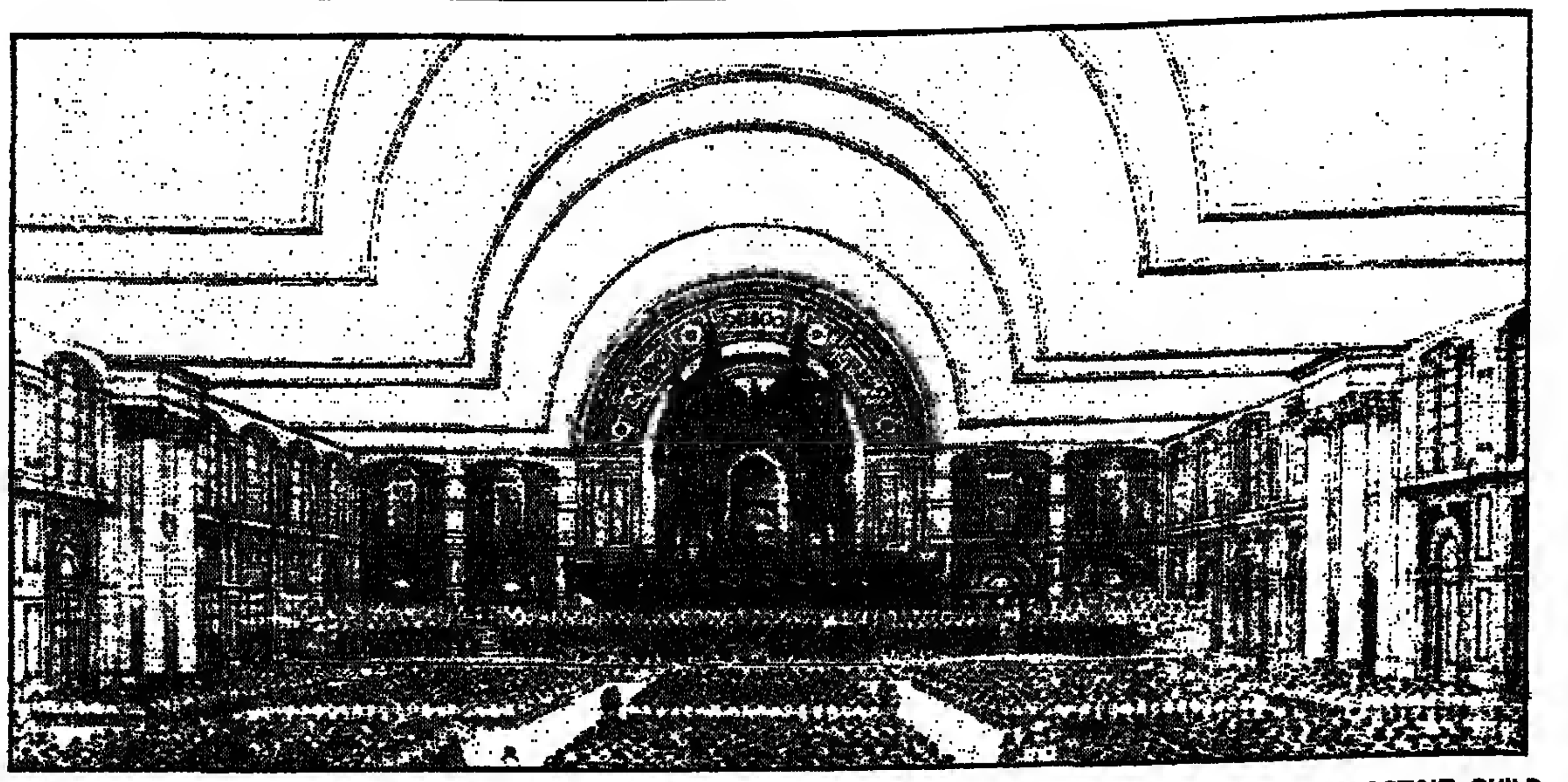
Some successful examples of industrial refurbishment include the conversion of warehouse space in London's Camden Town to create the new premises for TV-am by architects Terry Farrell Partnership. This has transformed an older building, but in the process rendered it unrecognisable.

The conversion of older industrial premises into the Aston Science Park in Birmingham by the city architect's department has been extremely successful. For a conversion cost of £1.6m, some 50 units have been provided for high-tech companies in a joint venture between Birmingham City Council, Aston University and Lloyds Bank.

A central mall and mezzanine bridge two old buildings. Units can be varied and combined in different ways to suit large or small businesses. Some 27 acres will be refurbished for this pioneering job-creation scheme.

Conversion for mixed use can often prove a solution for industrial premises particularly in city centres, although this is harder to fund from institutional sources.

In London there are several examples, such as Dockland, Covent Garden and Clerkenwell, where a mix of small businesses share old warehouses.



ALEXANDRA PALACE

BY ALASTAIR GUILD

People's Palace rebuilt from ashes

A BLAZE in 1980 could have spelt doom for Alexandra Palace. But as in 1873, when it was first destroyed by fire, the North London "People's Palace" is being restored and many of the Victorian features put back by Dr Peter Smith, project architect, and management contractors Taylor Woodrow.

By 1988 it should be back in business, providing a modern range of leisure and recreation. Work will have cost £35.5m, with £18.5m of that met by insurance money and £8.5m from the Greater London Council.

The Palm Court will give most visitors their first impression of the new Alexandra Palace. It is being restored to Victorian appearance while providing modern facilities. The roof has been glazed and the smaller domes will be replaced by translucent, silicon-coated fibreglass. The floor under the main dome will be decorated with tiles modelled on Victorian designs.

This courtyard, built as a conservatory for exotic plants, will once again contain fountains and 59-ft palm trees. Victorian-style lighting, statues and seating are planned, with specialist plants from Kew Gardens. A banqueting room for 250 and a bar will be located just off the Palm Court.

Old prints emphasise the former 12,000-seat capacity of the Great Hall. It will be re-covered with a free-span roof some 196 ft by 557 ft. The absence of columns which supported the old roof will provide 70,000 sq ft of unimpeded floor space. Tennis tournaments, a 525-ft-long running track and possibly an ice rink are planned. Seating capacity for public events will be 7,500.

The internal ceiling will be lined with silicon-coated glass-fibre fabric hung in the shape of the old nave-and-aisle appearance and on the scale of a cathedral. A fund has been set up to raise £750,000 to restore the Willis organ, which was driven by two steam engines.

The new concrete basement will house the boiler room, beer store and services room. Its kitchen and restaurant will cater for 400. Work is progressing at the southern end of the hall to make the substructure to support the new floor above and accommodate heavy vehicle loading.

Work has also started on washing and sandblasting Victorian brickwork in the detailing either moulded from originals and recast or made up by plasterers using traditional techniques.

The east wing will have a public ice rink bar, snack bar and changing rooms, boxing club, weight-training and general fitness rooms. A drama school and television museum are also planned.

The aerial installed for the first television transmissions in 1935 still dominates the east tower and will be retained.

A Victorian music hall will be reopened as a recording studio and may be transformed into a concert hall.

The east entrance façade and the south-west tower have been restored to their 1875 conditions, with architectural west hall, which will hold concerts and exhibitions.

GLASGOW BRIGGAIT

BY ALASTAIR GUILD

Private and public cash restore landmark to life

THE BRIGGAIT, once the commercial heart of Glasgow, had long been in decline. Now public and private sectors have joined forces to inject new life into one of the area's outstanding landmarks, the city's 19th century fishmarket, with its four large halls.

The Bridgegate Trust and Prudential Assurance formed a company to carry out the refurbishment. The market's wrought iron frames, supporting a vaulted roof with expansive areas of glass, give it the feel of some large 19th century exhibition centre or railway station. The 17th century steeple is an added attraction.

The market, empty since 1977, suffered serious deterioration and the trust was formed in 1981 to acquire the premises and convert them into a specialist market hall. Starter businesses will be encouraged and, it is hoped, 100 jobs created.

The trust's council, made up from public bodies such as the Glasgow council and the chamber of commerce, persuaded the Scottish Development Agency to fund a feasibility study of the project.

The total cost of conversion is £2.5m more than half contributed by the Prudential. Mr George Dunlop, chairman of the Briggait Company, says the Prudential accepts that, it will receive no initial return on this investment. This means the venture is not saddled with a fixed interest return or impossible debt burden. The Prudential nominates three of the six Briggait directors.

Grants are being provided by the Scottish Development Department, Glasgow and Strathclyde councils. The Scottish Development Agency is providing finance under its Local Enterprise Grants for Urban Projects (Leg-Up) scheme. Mr Dunlop believes this is the first such deal between the public and private sectors.

Phase one has included renewal of roof glazing and structural steel repairs at a cost of £450,000.

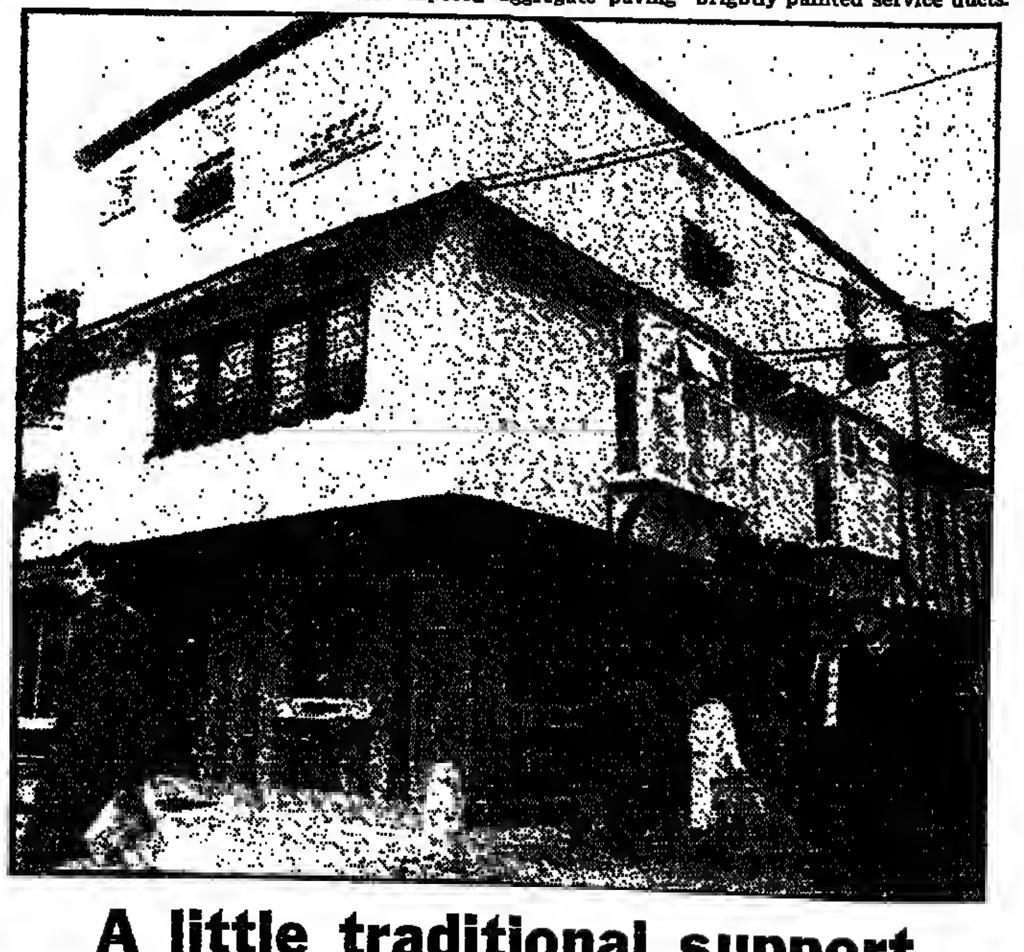
The main part of the building, completed in 1873, is a galleried hall with stone facades to Clyde Street and Bridgegate. The new theme for the hall's ground floor is a street or courtyard with 13 shop units on pedestrian routes linking access from Bridgegate and Clyde Street.

The floors are being replaced with exposed aggregate paving slabs. It is hoped to salvage the original signboards for tenants, who will be responsible for fitting out their own units, complying with a design guide. They will also have an independent electricity supply so that they can install extra display lighting. The hall will be heated by ducts suspended from the main structure, and high level lighting will illuminate the courtyard.

The Victorian cast-iron balcony running round the hall has been retained. The public will be attracted from the lower concourse by a food court seating 120, a wine bar, and food shops. The 13 units around the perimeter of the gallery will show craftsmen at work. A craft centre is also envisaged.

On the ground floor a central food hall with 12 smaller units will be aimed at new and small businesses, including speciality foods. The floor will have glazed tiles for ease of cleaning and maintenance. The larger units will be offered as shell units.

A lively market scene, is planned, with further colour from street entertainment in the central concourse, suspended banners and signs and brightly painted service ducts.



A little traditional support

The foundation of a former restaurant in Canterbury go back to the Roman period, the cellar is 12th century and the rest of the double-jutted, timber-framed building was erected over the three centuries to 1468. Renovation and restoration works by Wiltshier for Liberty last summer revealed major Roman remains in stratified deposits. The building was subsiding dangerously, and the need to support it using traditional timbers and other materials rather than steel accounts for the high £2m project cost.

Mira Bar-Hillel